bankinter.

Annual Report 2013

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Dear Shareholders,

2013 was yet another difficult year, particularly the first half, which was marked by shrinking domestic demand, sharp cutbacks in public spending and levels of unemployment that are proving socially and economically unsustainable and damaging the country's image abroad.

As a result of this context, the Spanish economy contracted by 1.2% during the year and the non-performing loan rate for the banking system as a whole rose to more than 13%, the highest for more than fifty years. In parallel with this, banks are experiencing a worrying erosion of their business margins and profitability, as a result of growing regulatory pressures, the sharp fall in interest rates and the dramatic contraction in demand for credit as families and businesses continue to deleverage.

However, unlike the previous occasions on which I have had the chance to write to you, this time I can tell you that we can now look to the near future with a degree of optimism. Although there are still many risks hovering around and counselling caution, I am convinced that 2014 will be a good year, much better than last. Since last summer a number of encouraging signs have appeared, in Spain and beyond, which endorse the increasingly widely held view that Spain's long-awaited economic recovery is getting under way.

The macroeconomic statistics reflect growth in GDP in the last two quarters of 2013 and an increase in the number of people signing on with the Social Security system. These advances are still timid, but they mark a turning point. The current account balance for its part shows a surprising surplus, and exports are surging ahead thanks to the recovery of the competitiveness that was lost during the boom years. And if, as some forecasts suggest, the economy grows by more than 1% in 2014, we shall be able to start creating net employment again.

This optimism is also based on the policy of constant support offered by the European Central Bank, and on the reforms undertaken, which have dispelled the crisis of confidence and restored the financial markets to normal operation, something essential in an economy in which the main problem is excess debt.

The reduction in the risk premium, and the return of foreign investment starting in the last quarter of last year are the most convincing proof of what I am saying.

A decisive factor in this process has undoubtedly been the clean-up of the credit system. Now that the banking rescue has been completed, we can assert that Spain's banking sector is one of the most solid in Europe.

The review to which the European Central Bank will subject the whole euro zone banking industry will show the improvement in the Spanish banking sector's vital constants. This exercise, scheduled to be completed in November, will be based on three complementary pillars: risk assessment, asset quality review and stress tests for potential adverse scenarios.

Bankinter will present itself for these new tests with the confidence borne of having come through previous tests with flying colours, notably the audit by Oliver Wyman, which as you know placed us in the select "zero group" of the most solvent banks.

This is the last test to be passed by Spain's banks before they are effectively integrated into the single supervisory mechanism to be applied under the responsibility of the ECB in late 2014 to euro zone banks with assets in excess of €30 billion. From then on we shall all be competing under the same rules, and we shall benefit from a new framework which should go some way towards reducing the effects of the fragmentation of financial markets that still affects the euro zone, providing stability and facilitating the financing of families and businesses. To this end, the intention is to create a Single Bank Resolution Mechanism, which will come into force in 2016 and which aims to break the connection between banking risks and sovereign debt.

I agree wholeheartedly with the aim of avoiding the prospect of taxpayers and cautious, well-managed businesses ever again having to bear the cost of others' excesses.

Bankinter welcomes this initiative, because although it will mean greater rigour and vigilance being required, I am convinced that this integration will give the Bank greater visibility and recognition, something that international investors are already noticing. An illustration of this was the decision by Standard & Poor's rating agency to upgrade their outlook on Bankinter from negative to positive, Bankinter being the first Spanish bank to have its outlook raised by S&P since the beginning of the crisis.

In the same vein, the major international analyst firms see Bankinter as a well-managed bank, with a solid balance sheet and stable shareholding, which is not suffering from many of the problems of the sector in Spain which, although it has been cleaned up as I said at the beginning, is still in a process of intense restructuring. They also appreciate our strategic focus on the private banking, corporate banking and insurance segments and the fact that we have satisfactorily resolved the weaknesses they used to point to in years gone by.

As regards the progress of the business, about which the CEO will be talking to you in more detail, I should just like to mention a few ideas that illustrate the extent to which Bankinter is a different kind of bank, as well as being one of the most profitable and solvent banks in the Spanish financial system:

– Despite the adverse context described above, the Bank had a very positive year, with net profit of €215.4 million, 72.8% up on the previous year.
– If anything, the results are even more pleasing if we take account of the fact that they are based entirely on the organic growth of the main business lines, as well as on exhaustive cost controls giving us one of the best cost/income ratios in the Spanish banking sector.
– Connected with this is the fact that, since the beginning of the crisis, we have kept our assets intact, together with significant unrealised capital gains, forming a solid basis for future results and a store of value for you, the shareholders.
– Our insurance subsidiary Línea Directa Aseguradora once again posted excellent results, gaining market share and increasing pre-tax profit by 6% despite its sector being one of the worst hit by the crisis.
– Thanks to our long-standing cautious approach to risk management, the non-performing loan ratio at the end of the year was 4.98%, just over one third of the sector average. This will be reflected in reduced provisioning requirements in years to come, which will have a positive effect on Bankinter's future profits and therefore on its ability to generate value.
– Our EBA core capital ratio at year-end was 12.6%, and the ratio would be very similar if Basel III rules were applied in full, putting us among Europe's best capitalised banks.

All these factors, which place us in a favourable position for future growth, together with the improvement in market sentiment towards Spanish companies, have led to Bankinter's becoming one of the star stocks of the Spanish and European stock markets. Following a few years in which the stock was unfairly penalised by the lack of confidence in the economy and in the Spanish banking sector, Bankinter's shares saw very significant revaluation in 2013, nearly 150%, this being the biggest rise of any of the stocks that remained in the Ibex 35 for the whole year, and also of the 47 banks included in the EuroStoxx 600.

As for the dividend, despite the new constraints imposed by the regulator, we have complied diligently with our long-standing commitment to reward you, the shareholders, in cash, in contrast with a general trend in which many Spanish listed companies have passed dividends or paid them in shares instead of cash.

Moving on to another subject, we believe that our commitment to creating value must extend to the other stakeholder groups with which Bankinter has dealings: customers, employees, public opinion and, in general, society and the environment as a whole. The Bank has made clear its firm commitment to generating value for all of those groups from a position of rigour, integrity and honesty in all we do and the way we do it. This promise finds expression in our advanced Corporate Governance policy, and in the 'Noughts and Crosses' Sustainability Plan, which develops a large number of initiatives in the fields of environmental management, accessibility and disability. All these matters are fully dealt with in the Sustainability Report accompanying this report, to which I refer you.

It is also gratifying to see that once again Bankinter is considered by Top Employers as one of the best companies in Spain to work for. This is an important recognition of human resources management that is firmly grounded in equal opportunities, active development of talent, work/life balance and investment in training.

We are convinced that our people are the best asset we have. It is a young, qualified, highly motivated professional team, which constitutes Bankinter's most important value, brilliantly led by our CEO, and without which it would be impossible to imagine the great moments our Bank is living through today. So I would like to express my thanks to everyone working in Bankinter for their efforts, their enthusiasm and good work in these difficult times.

I cannot sign off without first mentioning the valuable informative work that the Bankinter Foundation for Innovation has been doing for the past ten years. Since its establishment in December 2003, this multi-discipline institution has helped to raise social awareness about innovation and entrepreneurship, acting from a conviction that these are the best drivers for the sustainable creation of jobs and wealth in Spain.

Its programmes, activities and international recognition are also dealt with fully in the Sustainability Report.

With all these strengths you may rest assured, dear shareholders, that we shall continue to distinguish ourselves and go forward with confidence, creating value for you all. Your commitment to the Bankinter project, for which I thank you again, inspires us to work to bring the opportunities that arise in the market to fruition and to meet whatever challenges the future may bring.

Thank you.

Pedro Guerrero Guerrero
Chairman of Bankinter

Letter from the CEO

Watch the video

Dear Shareholders,

I am pleased to have the opportunity once again of addressing you through this Annual Report to tell you about our Bank's progress over this past year, a year in which we succeeded in satisfactorily overcoming the challenges our business was faced with, in a very difficult macroeconomic environment.

The economic crisis continues to have terrible effects on our society and our businesses, although fortunately it seems that some signs of recovery can be discerned. A positive reading of 2013 would be that Spain has reached a turning point, and that during 2014 the trend will cease to be destructive and will start to become more constructive.

The year 2013 also saw the successful conclusion of the financial reforms that have caused so many headaches throughout the sector. The measures taken were sufficient, and the banks that have survived the restructuring are now much more solid and more solvent.

All of this we should be pleased about. However there are still risks on the horizon, and we should not lose sight of them: The deficit continues to hobble the private sector of the economy, and public indebtedness is still surging ahead, threatening to reach 100% of GDP. But if there is one statistic that is especially worrying, it is the level of unemployment, which this past year reached 26% of the active population.

In such an environment it is hardly surprising that non-performing bank loans should have reached record levels, over 13% on average, and this after the worst affected banks had transferred their repossessed real estate assets to the SAREB (Spain's "bad bank").

During the year, the banks also had to undertake a reclassification of refinanced loans in accordance with new criteria laid down by Banco de España, Spain's central bank, and this also had an impact on the increase in non-performing loans. Here too, Bankinter's situation is better than that of our peers, since our refinanced portfolio as a percentage of total computable risk was well below theirs and its impact therefore much lower.

With all these difficulties, we managed to contain the non-performing loan ratio at 4.98%, which is barely more than a third of the sector average. This reflects the rigorous work that Bankinter has been doing for all these years on risk analysis and approval. Now we are reaping the rewards of that work.

Another consequence of the abrupt slowdown in activity has been the reduction in levels of lending, to both families and businesses. The blame for this is often laid at the banks' door, but to a large extent it is the result of the deleveraging that any crisis situation naturally brings with it. I am proud to say that Bankinter has shown its willingness to continue financing its customers. During 2013 we were the only bank to launch a mortgage lending campaign at highly competitive prices, as well as another campaign for financing businesses with very ambitious growth targets.

As regards lending to businesses, we increased this by 4.5% to a total of €17.7 billion, which is remarkable in that the system as whole showed a drop of 8.8% in lending to businesses based on November figures.

Once again, and in this environment, Bankinter presented solid results. The net profit of the Bankinter Group for 2013 was €215.4 million, 72.8% more than in the previous year. In comparing these figures it has to be borne in mind that the previous year was somewhat atypical in that all banks had to make substantial extra provisions as required by the Royal Decrees on the cleaning up of the sector. However, it is also the case that, both then and now, Bankinter was one of the banks that returned most strongly to the path of growth.

In this respect, a comparison of our results with those of the other five of Spain's six biggest banks is highly favourable to Bankinter. The reason I am talking about the six biggest banks is that the group that we have until now always referred to as 'comparable banks' no longer has much meaning, after so many absorptions and mergers.

In this comparison with major banks we feel proud of the results we have achieved, since, although they are not the biggest in the sector in absolute terms, they have been obtained entirely in Spain, on a recurring basis, with growth in all revenue streams and without the need to resort to selling any of our assets, the unrealised capital gains on which still remain on our balance sheet. And of course without needing public assistance or resorting to deferred tax assets.

But above all, these are results that have been regular, without years of loss alternating with years of profit; just as we have also maintained regularity in the distribution of dividends.

Within these results, it is worth highlighting the recovery in the various margins, particularly the interest margin, which had been affected during the previous year by the sharp fall in EURIBOR and its corresponding impact on products such as mortgage loans, but which after bottoming out in the first quarter of 2013 gradually recovered over the course of the year, leaving positive signs for 2014. This improvement was due to positive trends in customer margins and reduced financing costs.

The good results obtained come largely from revenues deriving from the businesses on which the Bank has focused its strategy, such as private banking, corporate banking and insurance.

In private banking, we grew by 18.9% over the course of the year in terms of the number of active clients and by 28.4% in total assets under management. Also notable is the number of SICAVs managed, which reached 293 at the end of the year, up by 15.4%, putting us in third place in the ranking by number of companies and making us the institution with the most growth for the year. This is a very important point, bearing in mind that this is one of the main investment vehicles used by high net worth individuals, making us a benchmark player in the market.

It was also a good year for investment funds, which grew by 58.4% in the year. As a result Bankinter Gestión de Activos was the asset manager that grew most in 2013 out of the top ten in the ranking.

One part of this private banking strategy is our subsidiary, Bankinter Luxembourg, which has been gradually consolidated over the course of the year and which has enabled us to move ahead in our international knowledge of this business and in creating a global financial proposition as demanded by our clients.

This is also the context in which we acquired from the other shareholders the 75% of shares that we did not already own in the securities company Mercavalor. With this transaction, Bankinter now has its own securities company, which we have not had until now, and this will serve to drive our equities operations.

I should also like to point out another business where we continue to obtain excellent results, namely insurance. This applies not just to our company Línea Directa, which has grown faster than its sector as a whole and is beginning to be consolidated in branches other than motor insurance, such as home insurance, but also to the other associates: Bankinter Seguros de Vida and Bankinter Seguros Generales.

But if there is one particular area of success in 2013, it was the performance of our shares, the quoted price of which went up by nearly 150%. This makes Bankinter the best performing stock of those that were in the Ibex 35 throughout the year, and the most profitable banking stock in the EuroStoxx 600, Europe's most representative stock exchange index, which includes Europe's 47 biggest banks.

Turning to 2014, our Bank and our sector will again face many changes and new requirements, fundamentally those that the eagerly-awaited Banking Union will bring with it, its first pillar being the single banking supervisor, to which we and many other European banks will be subject from November 2014.

Bankinter faces these tests in the sure knowledge that it has done its homework over the past few years: we have improved the financing structure, with a deposit to loan ratio of 76.5% at year-end; we have a liquidity buffer amply covering the maturities of the next few years; and above all we have strengthened our solvency, reaching an EBA capita ratio of 12.6%, compared with 10.2% one year previously, thanks to recurring results generated and to the capital increase, which was charged entirely to the asset revaluation reserve. All this makes us one of the most solvent banks in the system, at both Spanish and European level.

The year 2014 presents great potential for growth and bodes well for success in many fields.

We will keep our strategy focused on segments such as private banking and corporate banking, where we can offer customers far more added value than our competitors can, and where there are still great growth possibilities.

We will continue to innovate, as we always do at the Bank, in our way of doing business, offering our customers new relationship formats and new financial products and services adapted to their new needs.

We will continue to anticipate the market in businesses in which others still do not dare to compete, such as mortgage lending, and above all consumer lending, where our subsidiary Obsidiana continues to post impressive growth and profitability figures.

And above all, we will continue to generate value for all our shareholders, achieving greater profit margins on our business and distributing dividends, as we have continued to do both in boom times and in times of crisis such as the present.

But most of all, we will continue being what we have always been, and doing what we have always done, which has enabled us to be where we are today. Doing the things we do rigorously, honestly, with anticipation but always with prudence, using technology to help us improve the quality and efficiency of our service. All this without losing sight of our stakeholder groups: employees, customers, depositors and shareholders, for it is they who are the beneficiaries of our mission as a business.

To all of them, my most sincere thanks for their cooperation and support for all the actions we carried out this past year, thanks to which we obtained the results you see reflected in this report and which make Bankinter a more solid bank and one which is better prepared to face the coming year with success. Please rest assured all of you, as I do, that the future which awaits us is full of opportunities that we will be able to take advantage of.

Thank you.

María Dolores Dancausa
CEO of Bankinter

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Business

key figures

Bankinter Group Consolidated Balance Sheet as at 31 December 2013 and 2012 (€000s)

ASSETS	31/12/2013	31/12/2012 (*)
CASH AND CASH BALANCES AT CENTRAL BANKS	886,118	665,374
FINANCIAL LIABILITIES HELD FOR TRADING	4,346,573	2,109,264
Deposits with credit institutions	920,112	-
Loans and advances	979,439	-
Debt instruments	1,736,671	1,391,681
Equity instruments	66,662	61,072
Derivatives - trading	643,689	656,511
Memo items: Loaned or advances as collateral	961,805	1,391,681
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	18,158	39,860
Equity instruments	18,158	39,860
Memo items: Loaned or advances as collateral	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	2,483,171	6,132,471
Debt instruments	2,321,671	5,971,654
Equity instruments	161,500	160,817
Memo items: Loaned or advances as collateral	799,412	1,719,346
LOANS AND RECEIVABLES	42,607,050	44,751,950
Deposits with credit institutions	1,182,215	1,093,728
Loans and advances	41,307,010	43,575,351
Debt instruments	117,825	82,871
Memo items: Loaned or advances as collateral	365,847	414,953
HELD-TO-MATURITY INVESTMENTS	3,220,721	2,755,355
Memo items: Loaned or advanced as collateral	2,886,655	-
MACRO-HEDGING ADJUSTMENTS TO FINANCIAL ASSETS	-	3,018
HEDGING DERIVATIVES	84,481	152,201
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	369,210	381,141
INVESTMENTS	36,362	40,600
Associates	35,932	40,279
Entities with joint control	430	321
PENSION-LINKED INSURANCE CONTRACTS	1,327	2,750
ASSETS UNDER REINSURANCE	3,244	3,966
TANGIBLE ASSETS	434,931	442,288
Property, plant and equipment	421,887	433,336
For internal use	394,933	404,087
Assigned on lease	26,954	29,249
Investment property	13,044	8,952
Memo item: acquired under finance lease	-	-
INTANGIBLE ASSETS	300,703	317,538
Goodwill	164,281	161,836
Other intangible assets	136,422	155,702
TAX ASSETS	215,945	235,489
Current	83,645	86,953
Deferred	132,300	148,536
OTHER ASSETS	127,668	132,625
Other	127,668	132,625
TOTAL ASSETS	**55,135,662**	**58,165,890**
MEMO ITEMS:		
CONTINGENT RISKS	2,401,895	2,482,865
CONTINGENT COMMITMENTS	13,548,719	11,239,659

LIABILITIES AND EQUITY	31/12/2013	31/12/2012 (*)
LIABILITIES		
FINANCIAL LIABILITIES HELD FOR TRADING	1,751,721	1,797,324
Deposits	193,482	-
Derivatives - trading	252,537	434,592
Short positions	1,305,702	1,362,732
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-
Deposits	-	-
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	48,912,731	52,079,071
Deposits from central banks	3,243,794	9,580,854
Deposits from credit institutions	4,587,188	4,008,226
Deposits	29,624,282	24,631,869
Marketable debt securities	9,516,372	12,499,194
Subordinated financial liabilities	612,438	767,852
Other financial liabilities	1,328,657	591,076
MACRO-HEDGING ADJUSTMENTS TO FINANCIAL LIABILITIES	-	-
HEDGING DERIVATIVES	25,608	43,100
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS ASSOCIATED AS HELD FOR SALE	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	607,794	618,286
PROVISIONS	53,753	48,200
Pensions and other post employment defined benefit obligations	1,456	2,811
Provisions for contingent risks and commitments	8,642	5,139
Other provisions	4,697	1,899
Allowances for taxes and other legal contingencies	38,958	38,351
TAX LIABILITIES	217,766	221,565
Current	68,119	73,636
Deferred	149,647	147,929
OTHER LIABILITIES	162,744	127,247
TOTAL LIABILITIES	**51,732,117**	**54,934,793**
TOTAL EQUITY	3,403,545	3,231,097
SHAREHOLDERS EQUITY	3,360,373	3,228,045
Capital	268,675	169,142
Registered	268,675	169,142
Issue premium	1,172,645	1,118,186
Reserves	1,744,134	1,789,781
Reserves or accumulated losses	1,739,453	1,784,859
Share of other recognised income and expense of entities accounted for using the equity method	4,681	4,922
Other equity instruments	12,608	72,633
Remaining equity instruments	12,608	72,633
Treasury shares	(511)	(226)
Profit or loss attributable to owners of the patent	215,424	124,654
(-): dividends and remuneration	(52,602)	(46,125)
VALUATION ADJUSTMENTS	43,172	3,052
Available-for-sale financial assets	41,605	3,145
Exchange differences [gain or (-) loss], net	201	209
Other valuation adjustments		-
Entities accounted for using the equity method	1,366	(302)
NON-CONTROLLING INTERESTS		
TOTAL LIABILITIES AND EQUITY	**55,135,662**	**58,165,890**

(*) Shown solely for purposes of comparison.
Notes 1 to 51 contained in the report and Appendices I to IV form an integral part of the consolidated balance sheet as at 31 December 2013.

Consolidated income statement for the years ended 31 December 2013 and 2012 (€000s)

	(Debit) Credit	
	2013	2012(*)
INTEREST AND SIMILAR INCOME	1,476,230	1,707,696
INTEREST EXPENSE AND SIMILAR CHARGES	(840,326)	(1,047,441)
INTEREST INCOME	**635,904**	**660,255**
INCOME FROM EQUITY INSTRUMENTS	8,946	11,791
SHARE OF OTHER RECOGNISED INCOME AND EXPENSE OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	15,545	17,677
FEE AND COMMISSIONS INCOME	313,082	274,455
FEE AND COMMISSIONS EXPENSES	(64,063)	(70,615)
GAINS ORLOSSES ON FINANCIAL ASSETS AND LIABILITIES (net)	188,664	104,853
Held for trading	18,163	30,510
Financial assets designated at fair value through profit or loss	8,228	(1,952)
Financial liabilities designated at fair value through profit or loss	162,907	76,902
Other	(634)	(607)
EXCHANGE DIFFERENCES (net)	40,090	40,277
OTHER OPERATING INCOME	676,019	698,173
Assets under reinsurance and insurance contracts	652,217	667,712
Other operating income	23,802	30,461
OTHER OPERATING EXPENSES	(438,726)	(482,825)
Liabilities under insurance and reinsurance contracts	(380,758)	(404,997)
Other operating expenses	(57,968)	(77,828)
GROSS INCOME	**1,375,461**	**1,254,041**
ADMINISTRATIVE EXPENSES	(616,759)	(599,004)
Staff expenses	(356,833)	(342,498)
Other general administrative expenses	(259,926)	(256,506)
DEPRECIATION AND AMORTISATION	(63,088)	(65,865)
PROVISIONS (NET)	(14,259)	(21)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(290,202)	(419,028)
Loans and receivables	(280,840)	(410,356)
Other financial instrument s not designated at fair value through profit or loss	(9,362)	(8,672)
PROFIT FROM OPERATIONS	**391,153**	**170,123**
IMPAIRMENT LOSSES ON OTHER ASSETS (net)	(327)	(536)
Goodwill and other intangible assets		
Other assets	(327)	(536)
GAINS OR LOSSES ON DERECOGNITION OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	(1,848)	39,301
NEGATIVE GOODWILL ON BUSINESS COMBINATIONS	1,379	-
GAINS / LOSSES ON NON-CURRENT ASSETS HELD CLASSIFIED AS HELF FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS	(92,791)	(54,709)
PROFIT BEFORE TAX	**297,566**	**154,179**
INCOME TAX	(82,142)	(29,525)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**215,424**	**124,654**
PROFIT OR (-) LOSS FROM DISCONTINUED OPERATIONS (net)	**-**	**-**
CONSOLIDATED PROFIT FOR THE YEAR	**215,424**	**124,654**
Profit or (-) loss attributable to owners of the parent company	215,424	124,654
Profit or (-) loss attributable to non-controlling interests		
EARNINGS PER SHARE		
Basic earnings (euros)	*0.28*	*0.24*
Diluted earnings (euros)	*0.27*	*0.23*

(*) Shown solely for purposes of comparison.
Notes 1 to 51 contained in the report and Appendices I to IV form an integral part of the consolidated income statement for the year ended 31 December 2013.

Comprehensive statements of consolidated income for the years ended 31 December 2013 and 2012 (€000s)

	Financial year 2013	Financial year 2012 (*)
CONSOLIDATED PROFIT FOR THE YEAR	215,424	124,654
OTHER COMPREHENSIVE INCOME	40,120	34,697
Items that will not be reclassified to profit or loss	**-**	**-**
Actuarial gains or loss on defined benefit pension plans	-	-
Non-current assets held for sale	-	-
Entities valued under the equity method	-	-
income tax relating to items that will not be reclassified	-	-
Items that may be subsequently reclassified to profit or loss;	**40,120**	**34,697**
Financial assets available for sale	**54,944**	**46,275**
Valuation gains or (-) losses	161,238	72,655
Amounts transferred to profit and (-) loss	(106,294)	(26,380)
Other reclassifications	-	-
Cash flow hedges	**-**	**-**
Gains or (-) loss on valuation	-	-
Amounts transferred to profit and loss	-	-
Amounts transferred to the initial value of hedged items	-	-
Other reclassifications	-	-
Hedging of net investments in foreign operations [effective portion]	**-**	**-**
Gains or (-) loss on valuation	-	-
Amounts transferred to profit or (-) loss	-	-
Other reclassifications		
Exchange differences	**(11)**	**2**
Gains or (-) loss on translation	(11)	2
Amounts transferred to profit or (-)loss	-	-
Other reclassifications	-	-
Non-current assets for sale	**-**	**-**
Gains or (-)loss on valuation	-	-
Amounts transferred to profit or (-)loss	-	-
Other reclassifications	-	-
Actuarial gains (losses) on pension plans	**-**	**-**
Entities accounted for using the equity method	**1,667**	**2,302**
Gains or (-)loss on valuation	1,667	2,302
Amounts transferred to profit or (-)loss	-	-
Other reclassifications	-	-
Statement of comprehensive income	**-**	**-**
Income tax	**(16,480)**	**(13,882)**
TOTAL COMPREHENSIVE INCOME	**255,544**	**159,351**
Attributable to owners of the parent company	255,544	159,351
Attributable to non-controlling interests	-	-

(*) Shown solely for purposes of comparison.
Notes 1 to 51 contained in the attached report and Appendices I to IV form an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2013.

Comprehensive statements of changes in consolidated equity for the years ended 31 December 2013 and 2012 (€000s)

	Capital	Issue premium	Reserves or accumulated losses	Other equity instruments	Less: Treasury Shares	End-of-year results attributable to owners of the parent	Less: Dividends and remunerations	Total Equity	Valuation adjustments	Total	Non-controlling interests	Total net worth
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY											
		EQUITY										
Opening balance at 31/12/2012	**169,142**	**1,118,186**	**1,789,781**	**72,633**	**(226)**	**124,654**	**(46,125)**	**3,228,045**	**3,052**	**3,231,097**	**-**	**3,231,097**
Adjustments due to changes in accounting criteria	-	-	-		-	-	-	-	-	-	-	-
Adjustments due to errors	-	-	-		-	-	-	-	-	-	-	-
Adjusted opening balance	**169,142**	**1,118,186**	**1,789,781**	**72,633**	**(226)**	**124,654**	**(46,125)**	**3,228,045**	**3,052**	**3,231,097**	**-**	**3,231,097**
Total comprehensive income	-	-	-	-	-	215,424	-	215,424	40,120	255,544	-	255,544
Other changes in equity	**99,533**	**54,459**	**(45,647)**	**(60,025)**	**(285)**	**(124,654)**	**(6,477)**	**(83,096)**	**-**	**(83,096)**	**-**	**(83,096)**
Increases in capital/endowment fund	99,533	54,459	(93,967)	(60,025)	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends / Shareholder remuneration	-	-	-	-	-	-	(67,977)	(67,977)	-	(67,977)	-	(67,977)
Operations with shares / contributions to equity (net)	-	-	924	-	(285)	-	-	639	-	639	-	639
Transfer between net worth entries	-	-	63,154	-	-	(124,654)	61,500	-	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-		-		-	
Discretionary contributions to social funds and projects (Savings banks)	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	(16,970)	-	-	-	-	(16,970)	-	(16,970)	-	(16,970)
Other equity increases or (-) decrease	-	-	1,212	-	-	-	-	1,212	-	1,212	-	1,212
Closing balance as at 31/12/2013	**268,675**	**1,172,645**	**1,744,134**	**12,608**	**(511)**	**215,424**	**(52,602)**	**3,360,373**	**43,172**	**3,403,545**	**-**	**3,403,545**

	Capital	Issue premium	Reserves or accumulated losses	Other equity instruments	Less: Treasury Shares	End-of-year results attributeble to owners of the parent	Less: Dividends and remunerations	Total Equity	Valuation adjustments	Total	Non-controlling interests	Total net worth
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY											
		EQUITY										
Opening balance at 31/12/2011	**143,076**	**737,079**	**1,711,705**	**404,812**	**(742)**	**181,227**	**(58,516)**	**3,118,641**	**(31,645)**	**3,086,996**	**-**	**3,086,996**
Adjustments due to changes in accounting criteria	-	-	-		-	-	-	-	-	-	-	-
Adjustments due to errors	-	-	-		-	-	-	-	-	-	-	-
Adjusted opening balance	**143,076**	**737,079**	**1,711,705**	**404,812**	**(742)**	**181,227**	**(58,516)**	**3,118,641**	**(31,645)**	**3,086,996**	**-**	**3,086,996**
Total comprehensive income	-	-	-		-	124,654	-	124,654	34,697	159,351	-	159,351
Other changes in equity	**26,066**	**381,107**	**78,076**	**(332,179)**	**516**	**(181,227)**	**12,391**	**(15,250)**	**-**	**(15,250)**	**-**	**(15,250)**
Increases in capital/endowment fund	26,066	381,107	-	(332,179)	-	-	-	74,994	-	74,994	-	74,994
Capital reduction	-	-	-		-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-		-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	-	-	-		-	-	-	-	-	-	-	-
Distribution of dividends / Shareholder remuneration	-	-	-		-	-	(64,496)	(64,496)	-	(64,496)	-	(64,496)
Operations with shares / contributions to equity (net)	-	-	1,119		516	-	-	1,635	-	1,635	-	1,635
Transfer between net worth entries	-	-	104,340		-	(181,227)	76,887	-	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-		-	-	-		-		-	
Discretionary contributions to social funds and projects (Savings banks)	-	-	-		-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	(27,383)		-	-	-	(27,383)	-	(27,383)	-	(27,383)
Other equity increases or (-) decrease	-	-			-	-	-	-	-	-	-	-
Closing balance as at 31/12/2012	**169,142**	**1,118,186**	**1,789,781**	**72,633**	**(226)**	**124,654**	**(46,125)**	**3,228,045**	**3,052**	**3,231,097**	**-**	**3,231,097**

(*) Shown solely for purposes of comparison.
Notes 1 to 51 contained in the attached report and Appendices I to IV form an integral part of the consolidated statement of changes in equity for the year ended 31 December 2013.

Consolidated statements of cash flows for the years ended 31 December 2013 and 2012 (€000s)

	2013	2012(*)
NET CASH FLOW FROM OPERATING ACTIVITIES	**846,619**	**(132,587)**
Consolidated profit for the year	**215,424**	**124,654**
Adjustments to obtain cash flow from operating activities	**471,645**	**514,387**
Depreciation and Amortisation	63,088	65,865
Other adjustments	408,557	448,522
Net increase/decrease in operating assets	**3,461,242**	**740,429**
Held for trading	(2,237,308)	306,242
Other financial assets at fair value through profit or loss	21,703	(8,483)
Financial assets available for sale	3,694,903	(1,318,747)
Loans and receivables	1,907,794	1,880,506
Other operating assets	74,150	(119,089)
Net increase/decrease in operating liabilities	**(3,351,199)**	**(1,576,509)**
Held for trading	(45,602)	(563,260)
Other financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	(3,302,805)	(990,455)
Other operating liabilities	(2,792)	(22,794)
Corporation tax collections/payments	**49,507**	**64,452**
NET CASH FLOW FROM INVESTING ACTIVITIES	**(350,650)**	**515,325**
Payments	**(530,362)**	**(24,776)**
Tangible assets	(27,174)	(15,969)
Intangible assets	(12,758)	(8,807)
Investments	(23,025)	-
Non-current assets held for sale and associated liabilities	-	-
Held-to-maturity investments	(467,405)	-
Collections	**179,712**	**540,101**
Tangible assets	1,035	1,602
Intangible assets	-	-
Investments	-	35,713
Non-current assets held for sale and associated liabilities	178,677	112,680
Held-to-maturity investments	-	390,106
NET CASH FLOW FROM FINANCING ACTIVITIES	**(174,876)**	**4,864**
Payments	**(213,254)**	**(147,228)**
Dividends	(63,441)	(72,160)
Subordinated liabilities	(111,348)	-
Acquisition of own equity instruments	(38,465)	-
Other payments linked to financing activities	-	(75,068)
Collections	**38,378**	**152,092**
Subordinated liabilities	-	-
Issue of own equity instruments	-	-
Disposal of own equity instruments	38,378	77,099
Other inflows linked to financing activities	-	74,993
EFFECT OF EXCHANGE-RATE VARIATIONS	**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**321,093**	**387,602**
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**1,020,319**	**632,717**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,341,412**	**1,020,319**
MEMORANDUM ITEMS:		
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,341,412**	**1,020,319**
Cash	118,909	120,843
Balances equivalent to cash with central banks	767,209	544,531
Other financial assets	455,294	354,945
Total cash and cash equivalents at end of period	**1,341,412**	**1,020,319**

(*) Shown solely for purposes of comparison.
Notes 1 to 51 described in the report and attached annexes I to IV form an integral part of the consolidated cash flow statement for the financial year ending 31 December 2013.

business

Economic and financial environment

Fiscal 2013 was a very intense year in which, despite the arduous processes of adjustment that economies had to implement, the major developed countries succeeded in improving their macroeconomic variables. Even so, the pace of this progress continues to be very uneven, with the US leading the way in world recovery, Japan moving ahead at a good speed and the euro zone, although still showing signs of weakness, starting to see the first green shoots of recovery and an improvement in external perception. Lastly, the emerging markets bring up the rear in the world economic recovery.

Central banks played an essential role in the development of the various economies over the course of the year, providing constant support and maintaining accommodative monetary policies.

In Europe we saw a proactive stance adopted by the European Central Bank (ECB), which became increasingly aggressive in its monetary policy, even reducing the official interest rate on two occasions to the all-time record low of 0.25%. Moreover, its top officials have repeated that they will continue to support economic recovery for as long as necessary. Europe is showing incipient signs of improvement, and gradually correcting its imbalances. It has posted two consecutive quarters of growth, although the road to recovery is a long one and both the process of deleveraging and the public spending cuts continue to affect the economy. Apart from this, we are seeing progress towards financial and fiscal union. Progress is being made towards Banking Union as the best way to reduce fragmentation in the financial markets.

In the United States the Federal Reserve is supporting the economy which, thanks largely to this support, is looking quite healthy. The ultra-expansive monetary policy supports job creation, consumer spending and the real estate sector. The country's good progress has even led the Federal Reserve to decide to start cutting back on its monetary expansion programme (QE), although for the moment there is no change in key rates.

Japan was the positive surprise of the year. The Bank of Japan applied an extremely loose monetary policy, which led to a sharp fall in the value of the yen and to increased prices, thus shaking off deflation, which has been one of the country's main problems over the past fifteen years.

Apart from this, the improvement seen in the major developed countries intensified in the last quarter. It was a year in which the upturn in confidence and the start of the tapering of stimulus on the part of the Federal Reserve led to major inflows of capital, which went largely into risk assets, at the expense of safe-haven assets. The improvement in macro indicators has now spread beyond the borders of the US, where the partial shut-down of the Administration for lack of agreement on the debt ceiling did not have a major impact on the economy. Meanwhile, in Europe we see incipient economic revival, supported by the ECB and due also to reduced contraction in the peripheral countries, essentially Italy and Spain. Lastly, the emerging markets continue to lag behind in economic revival, although some of them are beginning to show signs of stabilising. Such is the case of China. The Chinese government presented a Reform Plan, announced following the Third Plenary Session of the 18th CPC Central Committee, which consists of more than 300 measures affecting different areas, mainly economic and social.

In short, 2013 was characterised by great complexity, although admittedly signs of stabilisation are beginning to consolidate in the world's main geographical regions.

Interest and currency rates

Low key interest rates were the common denominator in the world's main geographical regions. As for currencies, the euro strengthened, while emerging markets' currencies depreciated, a trend that intensified particularly on the back of rumours about the Federal Reserve's cutting back on its monetary expansion programme (quantitative easing, or QE).

Although the monetary policy applied by the central banks is highly accommodative, there is no pressure from prices in the major developed countries, and indeed there are even starting to be some fears of possible deflation. In contrast, some emerging countries have started to increase rates precisely to combat it, as in the case of Brazil.

The euro remains strong against the dollar in spite of the accommodative policy and the fact that the euro zone is at a lower level of economic revival than the US. The ECB's unconditional support for the economy and the improvement in certain macro indicators were among the main reasons behind this appreciation, as well as a perceived lowering of risk.

The yen depreciated heavily over the course of the year due to the ultra-expansive policy applied by the Bank of Japan and the huge volumes of liquidity it injected into the economy with the aim of reaching a level of inflation of 2% in 2015. The Swiss franc remained pegged by the Swiss National Bank (SNB) at 1.2 to the euro and held fairly steady, but in any case would not have strengthened, since reduced risk aversion reduces investors' interest in safe haven assets. The pound for its part tended to appreciate on the back of an encouraging economic recovery that is starting to consolidate.

As for interest rates, the strength of the US economy has led the Federal Reserve to reduce its monetary expansion programme (QE), although it repeats that there will be no change in its monetary policy for the time being. This has led to an increase in long-term interest rates in the major developed economies.

The euro remains strong against the dollar in spite of the accommodative policy and the fact that the euro zone is at a lower level of economic revival than the US.

Stock exchanges

The year 2013 was excellent for the stock markets of the major developed countries. This was due to the improvement in the economic environment, the growth in corporate earnings and the flow of capital out of bonds and into equities.

The main upturn among developed countries was that of Japan's Nikkei, but those of the US and European indices were also considerable. Spain's Ibex performed second best in Europe, beaten only by Germany's DAX. Emerging stock markets evolved unevenly: while indices in Venezuela and Argentina posted substantial gains, Peru, Brazil, Turkey and Chile ended the year with sharp falls.

Apart from this, we are seeing a gradual increase in the flow of funds, mainly coming out of the bond market and going into higher risk assets such as equities. The improved environment, the support of the central banks and, not least, the increase in confidence, have been the decisive variables.

The following table shows the changes in the major stock markets in 2012 and 2013, all in local currency:

Spain's Ibex performed second best in Europe, beaten only by Germany's DAX.

Geographical area	Contents	Change % 2013	Change % 2012
Japan	Nikkei 225	56.7	22.9
United States	NASDAQ 100	35.0	16.8
United States	S&P 500	29.6	13.4
Germany	DAX	25.5	29.1
Spain	Ibex 35	21.4	-4.7
France	CAC 40	18.0	15.2
Euro zone	EuroStoxx 50	17.9	13.8
UK	FTSE 100	14.4	5.8
India	Sensex	9.0	25.7
China	Shanghai (B)	3.6	13.8
Brazil	Bovespa	-15.5	7.4

Capital Markets and Treasury

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 pursued an active, cautious and effective policy as regards liquidity and capital, playing an active part in long- and short-term European capital markets whenever the difficult economic conditions have so 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 promissory notes placed in the wholesale market as at 31 December 2013 was €594 million.

At long term we issued €3.29 billion of mortgage-backed bonds under the fixed income programme registered with the CNMV (Comisión Nacional del Mercado de Valores, Spain's securities and exchange commission).

As for issues affecting solvency ratios, on 10 October we prepaid a €50 million subordinated debt issue.

Type	Issue Date	€ millions
Mortgage bond	21/01/2013	200
Mortgage bond	23/01/2013	500
Mortgage bond	04/02/2013	200
Mortgage bond	05/02/2013	500
Mortgage bond	15/04/2013	90
Mortgage bond	08/05/2013	1,300
Mortgage bond	13/05/2013	500

Customer funds and loans and receivables

New payroll accounts in 2013

64,878

Customer funds

As far as resources are concerned, 2013 was marked by the reduction in interest rates promoted by the European Central Bank, which led to a generalised and continuous fall in deposit remuneration rates over the course of the year. Also, in this low interest rate environment, savers' preferences turned increasingly towards other products, notably investment funds, which as well as attractive opportunities of returns also offer advantageous tax treatment.

Bankinter had an excellent year and continued to be a net recipient of resources. This allowed the Bank to attain average customer resources of €33.86 billion for the year, representing a 13.1% increase on 2012.

Sight deposits grew strongly, for two main reasons:

– The Bank's firm commitment to growth in the corporate world, and its ambitious objectives, served to gain the trust of these types of customers, who at the same time entrusted the management of their resources to the Bank.

– The Bank's focus on capturing payroll accounts, supported by one of the most competitive products in the market, led to an excellent year for customer acquisition, with 64,878 new accounts opened.

Customers' new investment preferences were reflected in the distribution of their resources among the various products. In reaction to this change in preferences, the Bank has expanded its offering and made it more flexible, obtaining an excellent response from customers, as shown by the 30.6% increase in managed balances.

The favourites in 2013 were investment funds, which, having remained flat in 2012, grew by 58.4% during 2013.

We would also highlight new business in structured deposits, which reached a contracted volume of €325.2 million, diversified across 16 products, 13 of which guarantee total recovery of the investment.

In 2013 customers' investor profiles started to move towards products with rather higher risk/reward ratios. There is still a predilection for products guaranteeing the total recovery of the investment, but we have also seen positions with rather more exposure to risk being added.

€ millions	Average balance 31/12/13	Difference 2013/2012	Difference (%)
Regular Customer Deposits	24,773.92	1,804.86	7.86
Deposits and term liabilities	12,586.59	792.74	-5.93
Current accounts and sight deposits	11,316.71	2,543.58	28.99
Other resources	870.61	54.02	6.78
Intermediation	9,081.23	2,126.71	30.58
Total average resources controlled	33,855.14	-3,931.58	13.14

Lending

The credit situation during 2013 was characterised by weak demand from both households, with mortgage lending at very low levels, and businesses, which had very few new projects or proposals for business expansion to be financed. In this context, the public sector proved an exception, under the positive effect of the various phases of the Public Entities Supplier Payment Plan, as did the export sector, which once again was the most dynamic part of the Spanish economy.

Bankinter's lending to customers fell slightly, by just under 4% in average outstandings.

Changes in the breakdown of the customer lending portfolio by type of lending were as follows:

Cumulative average outstandings; total customer lending

€ millions	31/12/2013	31/12/2012	Difference (%)
Loans	32,565	34,096	-4.49
Lines of Credit	3,409	3,909	-12.79
Lending in Foreign Currency	687	654	4.98
Other investments	4,116	3,796	8.42
Commercial Risk on Customers	2,023	1,952	3.63
Total	**42,799**	**44,407**	**-3.62**

The portfolio contains a high proportion of mortgage loans to high income customers, with average outstandings down by 10% on the year before.

As regards lending to businesses, the Bank increased its market share of high added value products such as factoring, comprehensive handling of payments and import/export finance aimed at the various types of companies, which increasingly use remote channels to conduct their business with the Bank.

Bankinter continued to operate under various agreements with national institutions for financing SMEs. In 2013 the result of these agreements was:

- ICO mediation lines: we contracted more than €500 million, maintaining our share of the total provided by the whole banking system under these lines

- European Investment Bank line for financing SMEs, with a global limit of €200 million, which has been fully used.

- Agreement with the European Investment Fund, exclusive to Spain, in the form of shared risk, with an initial limit of €120 million, subsequently increased to €160 million. Its objective is the financing of SMEs of an innovative nature or that apply the funds to innovative activities on preferential terms. By year-end €115 million had been signed, in 237 transactions.

Changes in the spread of lending (in cumulative average balances) among regional organisations and other distribution networks were as follows:

Cumulative average outstandings; total customer lending

€ millions	31/12/2013	31/12/2012	Difference (%)
Madrid West	5,793	6,403	-9.52
Catalonia	5,274	5,497	-4.05
Andalusia	5,267	5,334	-1.26
Levante (Eastern Spain)	4,866	5,094	-4.47
Madrid Corporate	4,481	3,825	17.15
Madrid East	3,588	3,945	-9.06
Northern Spain	2,997	3,122	-3.99
North-Western Spain	2,970	3,283	-9.52
Navarra - Aragón - Rioja	2,346	2,349	-0.13
Canary Islands	1,577	1,764	-10.61
Castile-La Mancha - Extremadura	1,342	1,404	-4.40
Balearic Islands	1,068	1,107	-3.53
Remote networks	883	956	-7.68
Obsidiana	347	323	7.21
Total	**42,799**	**44,407**	**-3.62**

Cards

+2.5%

964,194 cards
46.3 million trans-actions

New unsecured loans

12,566

in 2013

Means of payment

Cards

In 2013 the number of cards in circulation increased by 2.5% to reach 964,194 at year-end. The number of transactions carried out using Bankinter cards in merchant outlets reached 46.3 million, an increase of 8.1%, while the total volume also grew by 8.3% to €2.45 billion.

Consumer

In unsecured loans, during 2013 we continued to focus on pre-approved loans, which are available to the majority of active customers in the private and personal segments. Their main feature is the quick, easy sign-up via the Bank's various channels, the Internet being the one used most, with 64% of sign-ups. Pre-approved loans accounted for 62% of all personal loans.

Thanks to the ease of the process and the competitiveness of the product, the number of new unsecured loans in 2013 reached 12,566.

During 2013 trade finance grew in cumulative terms by 9%, while international guarantees issued grew by 35%, a direct reflection of Spanish companies' increasing internationalisation.

International business

Exports continue to be one of the main ways for Spanish companies to maintain and expand their businesses, to the point where Spain has become the world's third fastest growing exporter in relative terms, behind only China and the UK.

The export of products made in Spain is a growing activity which continues to be joined by many medium-size and even small enterprises. During 2013 Bankinter continued to devote more investment and more human resources to this activity, in which the Bank has been growing in number of customers and volume of business for years.

Specifically, trade finance grew in cumulative terms by 9%, while international guarantees issued grew by 35%, a direct reflection of Spanish companies' increasing internationalisation.

The investments made during 2013, and which will continue in 2014, were for:

- The creation of new products and services designed for this sector.
- Improving the functionalities of the current products, with a clear view to self-service for customers, allowing them to carry out transactions faster and more independently.
- Cooperation agreements for supporting customers in internationalising their businesses and setting up in other countries.
- Strengthening the Correspondent Banking team so as to ensure coverage abroad.

Customer segments

The year 2013 ended with average resources of €24.77 billion and average lending of €42.7 million. In comparison with the previous year, average resources grew by 7.9%, while average lending fell by 3.6%.

Despite the current economic environment, the level of satisfaction expressed by customers with the service received from the Bank increased compared with previous years, an endorsement of a growth strategy based on achieving excellence in matters of quality. As a result, as of December Bankinter had an 8.5 point lead over the market average for perceived quality in the private and personal banking segments.

Differentiation by customer type, and the specialisation of the workforce are two factors that have enabled the Bank to achieve excellent quality of service scores in both the personal (Retail, Foreigners, Personal Banking and Private Banking) and the business (Small, Medium and Corporate) sectors.

€ millions	31/12/2013	31/12/2012	Difference (%)
Average funds	24,773.92	22,969.06	+7.86%
Average loans and receivables	42,699.35	44,296.81	-3.61%
NSI (Net Satisfaction Index)	75.67	75.09	+0.77%

Private Banking

Bankinter considers that the Private Banking business is an activity based essentially on offering specialised solutions for clients' financial and tax needs. With this in mind, in 2013 Bankinter continued to strengthen both its sales teams, bringing in new bankers with experience in this segment, and its range of products and services, continually adjusting them to clients' requirements at any given time.

In order to provide personalised solutions for these needs, Bankinter Private Banking has Specialised Services and Legal and Tax Advice departments and a Wealth Management unit. Since December 2012 the Bank has also had a subsidiary in Luxembourg, which has enabled Bankinter to increase its international knowledge of this business and to offer its clients a global financial proposition.

2013 was another year of growth for Private Banking, in both revenues (up 15.3%) and assets under management, both from existing clients, with their growing trust in and close relationships with the Bank, and new ones acquired over the course of the year. The opinion of all of them regarding the service received is highly satisfactory.

In a year as difficult as 2013 was, Bankinter increased its market share in SICAVs, reaching a total of 293 SICAVs managed. In December 2013 Bankinter consolidated its position at third place in the Inverco ranking by number of companies.

Income
Private Banking
+15.3%

€ millions	31/12/2013	31/12/2012	Difference (%)
Average funds	5,250.77	5,067.74	3.61
Average loans and receivables	2,205.22	2,370.92	-6.99
Gross Margin	116.33	100.94	15.25
NSI (Net Satisfaction Index)	79.38	79.80	-0.05

Personal Banking

The key commercial features in Personal Banking were the capture of new customers and improvements in handling existing ones. Both activities aimed at growth in financial results in terms of gross margin, and enabled us to end the year with an improvement of 3.4% in this margin compared with the year before.

As regards the former activity, we would highlight the 23,542 new clients acquired by the branch network. The main products with which new customers were attracted were the Payroll Account, term deposits and investment funds. Also, in the last four months of the year we pushed new customer acquisition through mortgage loans, thanks to the launch of the '1.95% Mortgage' campaign designed for customers acquiring their primary residence and conforming to a given income profile. This campaign enabled us to relaunch the mortgage lending business and to win over new customers via financing.

These good figures for new customers are reflected in a net growth in the number of active customers in the segment. We ended the year with 150,237 active customers, representing an increase of 5% on the previous year.

The focus of our customer management was on improving ties through increased cross-selling and advisory services. This improvement in the advisory function was reflected for example in the noteworthy results of the investment fund sales activity, with assets of these funds increasing by €717 million (discounting the market effect). We should also point out that the Personal Banking customers each have an average of 6.2 products contracted with the Bank, which gives some idea of the depth of the relationships.

Care and management of this customer group is handled through the branch managers and by a team of 321 specialised account executives. They are all trained specifically to attend to the financial needs of customers in this segment. Their sales activity is mainly carried out through the CRM system, which enables us to maintain frequent customer contact and to adapt the products offered to each customer's needs, preferences and risk profile.

Personal Banking customers' high level of satisfaction with the service received is reflected in the periodic quality surveys. At year-end, Personal Banking customers' Overall Satisfaction stood at 75.9 points on the NSI, which was higher than a year before.

€ millions	31/12/2013	31/12/2012	Difference (%)
Average funds	6,810.63	6,635.96	2.63
Average loans and receivables	7,283.55	7,918.23	-8.03
Gross Margin	125.59	121.42	3.43
NSI (Net Satisfaction Index)	75.92	75.09	1.11

Retail

At the end of 2013, the number of active customers in Retail Banking was 312,968. In terms of the balance sheet, the year ended with average controlled resources of €3.75 billion. We should also point out that regular customer deposits grew by 13.4% in the year. Loans and advances stood at €15.33 billion at year end, representing a reduction of 8.6% relative to 2012. As for the mortgage portfolio, it stands at €14.04 billion and continues to be of excellent risk quality, with a non-performing ratio of 2.27%, which is still one of the lowest in the sector.

Sales activity in 2013 focused on deepening the Bank's relationships with both existing and newly-won customers. The number of new customers captured was down by 20%, although customer relationships were considerably extended compared to 2012, as reflected in the 26% increase in the number of new payroll accounts, which reached nearly 39,000.

Another product with similar tie-in effects is pure life insurance, more than 7,000 policies having been subscribed to by customers in this segment, for €413 million of capital sums insured.

Lastly, in terms of service quality, this customer segment closed the year with a cumulative NSI of 71.7.

Regular customer de-posits Retail Banking

+13.4%

€ millions	31/12/2013	31/12/2012	Difference (%)
Average funds	3,018.61	2,661.55	13.42
Average loans and receivables	15,324.59	16,773.44	-8.64
Gross Margin	139.35	140.18	0.59
NSI (Net Satisfaction Index)	71.70	71.90	-0.28

Payroll accounts captured

+26%

Foreigners

The Foreign Customers segment covers non-Spanish customers mainly living in coastal areas of Spain and requiring specialised financing and services.

This business at the end of 2013 reached a figure of 22,839 active clients. Average total assets in 2013 were €659 million, representing a decrease of 8.1%.

In Balance Sheet terms, the year ended with average customer resources of €195 million, of which 90% were conventional accounts and deposits and 10% intermediation.

Loans and advances at the end of 2013 stood at €656 million, with a total of 236 mortgage loans having been signed during the year for a total volume of €23 million.

The quality of service to customers continues to be one of the strategic pillars of the area, resulting its obtaining a cumulative NSI score of 81.9 at year-end.

Active foreign customers

22,839

€ millions	31/12/2013	31/12/2012	Difference (%)
Average funds	175.94	185.33	-5.06
Average loans and receivables	655.95	713.49	-8.06
Gross Margin	12.19	11.95	1.96
NSI (Net Satisfaction Index)	81.86	81.63	0.28

Gross income
Corporate Banking
+17.7%
€384 million

Corporate Banking

This past year, and particularly the latter part of it, was characterised by a slight improvement in the economic situation compared with previous years, although the absence of positive news or indicators during the first half and the general uncertainty caused by this situation led to lacklustre business investment and another year of falling business borrowing.

Against this backdrop the Corporate Banking segment continued, as in previous years, with its clear strategy of growth in financing its customers by granting credit facilities, whether for their daily working capital requirements, long-term capital expenditure projects or, particularly, to support companies in their process of internationalisation.

This strategy led to a growth in the balance sheet, with lending up by 9.8% on 2012, reaching €10.34 billion, and customer deposits up by 18.3%. This increase in resources, which was the result of a major drive for deposits during the year, meant that the increase in lending referred to could be financed from within.

All this was clearly reflected in the income statement, with a gross margin of €384 million, 17.7% more than in 2012. This growth came both from the good balance sheet figures mentioned above and from commissions received, which were up by 8.4% as regards this activity as a result of increased relational activity with the companies.

Bankinter's value proposition in this segment continues to be based on the multi-channel approach and on quality of service, with constant improvement in customer satisfaction levels, which reached a cumulative 81.5 points on the NSI in December. This represents an improvement on the previous year, and increases Bankinter's lead over the competition in

this respect. As a complement to this strategy, Bankinter made a considerable effort to offer improvements in products and services to allow customers to find solutions for their daily operating requirements.

These improved results were accompanied by improvements in the main business management ratios in Corporate Banking, both in terms of gross return on assets (ROA), which reached 3.7%, and with regard to operating efficiency, as shown by the cost/income ratio of 12.6%. At the same time,Bankinter of course held fast to its long-standing principles of prudent lending, thanks to which it is the Bank with the lowest percentage of NPLs in the sector.

We must highlight the efforts made during the year to adapt all the Bank's systems and processes to the new SEPA standards for payments and collections. In parallel with this, Bankinter carried out a concerted information and advice drive to explain to its customers, and to the business world in general, everything relating to the application of these new rules which will come into force in 2014. The Bank devoted teams and resources to carrying out this programme, holding more than 80 educational events throughout Spain, which were attended by more than 4,000 businesses.

Gross ROA
Corporate Banking

3.7%

€ millions	31/12/2013	31/12/2012	Difference (%)
Average controlled resources	6,047.21	5,251.70	15.15
Average funds	5,699.20	4,817.29	18.31
Average loans and receivables	10,341.15	9,422.55	9.75
Gross Margin	384.28	326.46	17.71
NSI (Net Satisfaction Index)	81.52	80.85	0.83

Gross revenues
SME Banking

+4.8%

Small and medium-sized enterprises

During 2013 Bankinter maintained its commitment to the Small and Medium Enterprises (SME) segment, increasing customer transactions thanks to new products and services designed specifically to offer solutions to their financial needs and to improve their banking operations. Leveraging its high technological potential, the Bank has efficient applications available to help SMEs with their payment and collection processes.

This strategy was reflected in the profit and loss account in the form of a 4.8%increase in gross revenues in this segment relative to 2012.

As for the balance sheet, the capture of customer deposits increased, bringing the total to 6.1% more than in 2012, and we continued with our commitment to financing customers in this segment. However, the current environment of contraction and the the decline, for yet another year, of business investment in Spain, led to a slight decrease in Bankinter's loan outstandings on this segment, which were down by 3.4% on the previous year.

The balance sheet for the SME business is still based on very solid credit risk assessment, with high-quality and diversified investments. This balance sheet has a high percentage of financing granted against tangible security. At the same time the Bank's strategy of maintaining a low concentration in the sectors most affected by the recession continues.

€ millions	31/12/2013	31/12/2012	Difference (%)
Average controlled resources	4,286.79	3,899.30	9.94
Average funds	3,818.35	3,600.56	6.05
Average loans and receivables	6,552.20	6,783.21	-3.40
Gross Margin	222.83	212.60	4.81
NSI (Net Satisfaction Index)	75.27	74.36	1.22

The strength of Bankinter's balance sheet, which is the result of a long track record of prudent lending and good risk management, is a great competitive advantage in a difficult environment such as the present one.

Bankinter Investment Banking

Two years after Bankinter decided to make the Investment Banking service available to its customers, we can confidently say that the opportunity we sensed then has been turned into a reality.

This reality has a lot to do with Bankinter's excellent competitive positioning in the Spanish financial sector:

1. **The differentiation of the Bankinter brand,** in a context as volatile as that of the past few years, is a great calling card.

2. **The perception that customers** have always had of Bankinter as a relationship bank has if anything been further confirmed by the advisory services provided by Investment Banking.

3. **Long-term customer relationships** built on trust have enabled Bankinter to use Investment Banking to become an all-round provider of financial services.

4. **Bankinter's firm commitment to the Corporate and Private Banking segments** gives it in-depth knowledge of Spain's real economy and privileged access to customers likely to need Investment Banking services.

5. **Last but not least, the strength of Bankinter's balance sheet,** which is the result of a long track record of prudent lending and good risk management, is a great competitive advantage in a difficult environment such as the present one.

The current economic context, marked as it is by uncertainty and volatility, is leading many businesses and businesspeople to reflect on strategy. This in turn is leading to a growing and ever more pressing need for advisory services such as those provided by the Investment Banking area, on the part of both industrial and financial customers.

This enabled Bankinter Investment Banking to work on a large number of transactions:

— **In the field of advice,** Bankinter received several mandates for both purchases and sales, from both industrial and financial customers.

— **In the area of Structured Financing,** Bankinter has established itself as a benchmark in the Spanish market, leading and participating in numerous financing transactions for industrial projects, corporate acquisitions, asset acquisitions, etc.

— **In the field of Capital Markets,** the volatile environment means that the diversifying of non-bank sources of financing will become a reality for Spanish businesses, just as it has in other parts of the world in the past. Bankinter is positioning itself to be a leading player in the capital markets for medium-large companies. In this regard, the Bank took part in several first-time issues of various Spanish companies over the course of the year, notably, by way of example, a first-time issue by a company on the MARF (Alternative Fixed Income Market).

Experience and results obtained so far confirm Bankinter's strategy of continuing to invest in the Investment Banking activity in the future.

Confirming the innovative spirit that has always characterised Bankinter, the Bank has also decided to position itself prominently in the world of bank disintermediation ('shadow banking') which is taking shape in Spain.

An example of this is the strategic alliance entered into with Magnetar Capital, a leading US financial investor. This alliance, the first of its kind in Spain, aims to channel as much foreign investment as possible to Spanish businesses and entrepreneurs.

In summary, the Investment Banking proposition can be grouped into three main areas:

a) Advice on mergers and acquisitions:

- Acquisition and disposal of businesses or assets.
- Management Buyouts.
- Corporate transactions in family firms.
- Searches for investors and capital.
- IPOs.
- Independent valuations, feasibility studies and business plans.

b) Advice on capital markets transactions:

- Capital issues (IPOs, MAB Alternative Stock Market).
- Capital increases.
- Debt issues.

c) Structured finance:

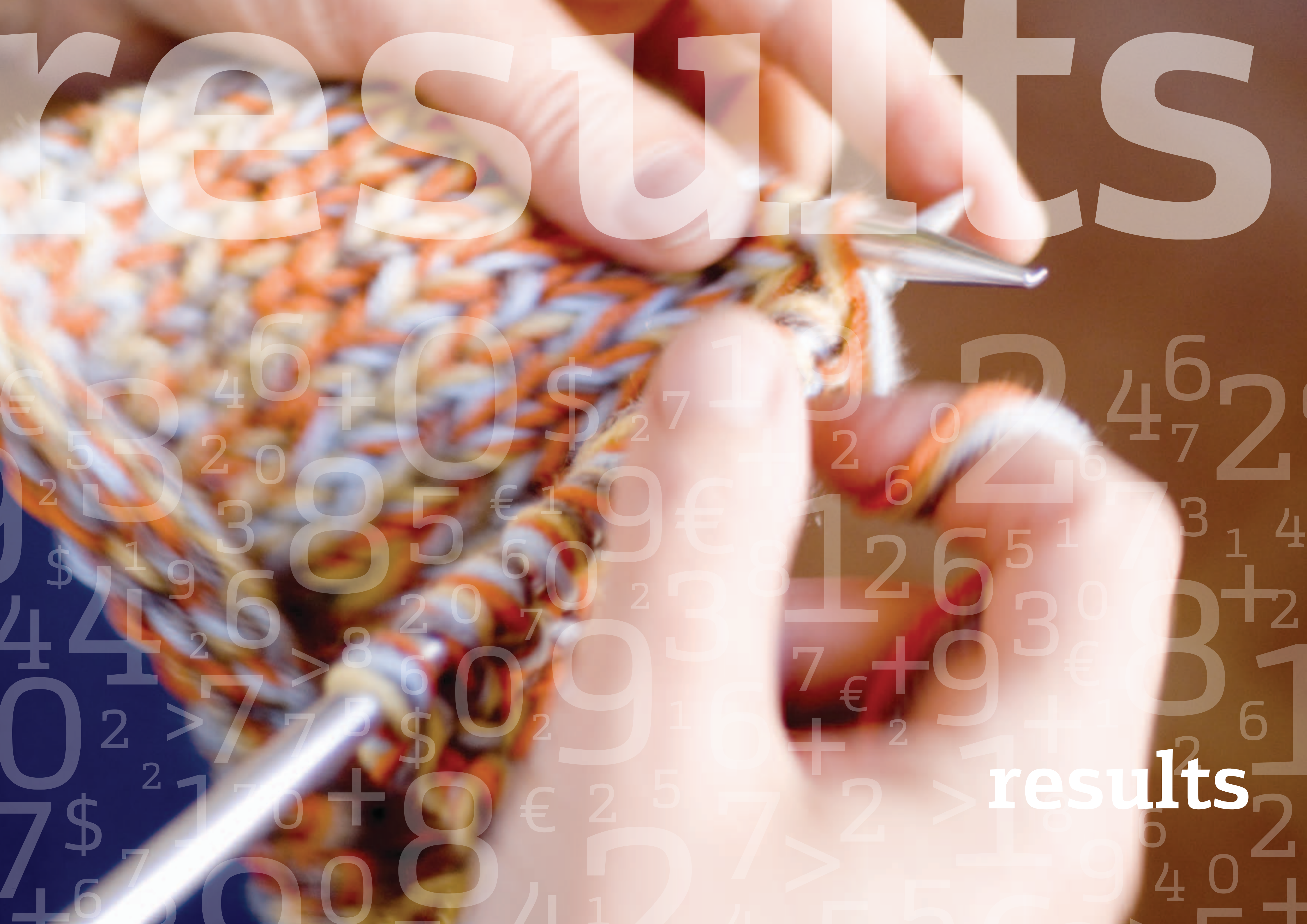
- Project finance.
- Asset finance.
- Financing of acquisitions.
- Restructuring and refinancing transactions.
- Sale and lease-back transactions.

In 2013 this new activity of Investment Banking came into its own, showing that the focus on comprehensive advice for customers enables the Bank to anticipate their problems, analyse them, understand them and contribute to solving them from every possible angle (debt and equity).

All these endeavours are guided by a set of values forming part of the Bankinter brand, notably:

- Excellence in quality.
- Creativity and flexibility.
- 100% proximity to the customer.
- Ethical and objective approach.

Experience and results obtained so far confirm Bankinter's strategy of continuing to invest in the Investment Banking activity in the future.



results

Results

Net profit for 2013
215.4
million euros
+72.8%
compared with 2012

The Bankinter Group ended the year 2013 by confirming its status as one of the most solid, solvent and profitable institutions in the Spanish financial system. The Group posted net income of €215.4 million for the year, 72.8% more than in the previous year. This is the Bank's best net figure for the past four years. Pre-tax profit for 2013 came to €297.6 million, 93% more than in the previous year.

These solid results are based on good performances from the strategic business lines and sustained growth in the margin before provisions, which is higher than that of the previous four years. At the same time, the Bank has maintained the quality of all its assets and considerably improved its level of solvency and its financing structure relative to previous years.

As regards the quality of its assets, it is once again noteworthy that the Bank has kept its NPL ratio well below the market average: 4.98% as against the November sector average of over 13%, and with net new NPLs being well contained throughout the year. Similarly, the Bank's portfolio of problem assets is small and enjoys a high degree of coverage: 42% of NPLs and 41.2% of repossessed assets.

As regards solvency, Bankinter continues to strengthen its capital ratios, reaching an EBA capital ratio of 12.6% at the end of the year, compared with 10.2% one year earlier, thanks mainly to the generation of recurring profits, a capital increase charged entirely to the asset revaluation reserve and a reduction in capital requirements to cover lending to SMEs.

In parallel with this, the Bank has continued to improve its financing structure, strengthening the ratio of deposits to loans, which stood at 76.5% at year-end, as against 66.9% at the end of 2012 and 56.6% for 2010. In 2013 the Bank also reduced its liquidity gap by €4.2 billion compared with the year before.

Furthermore, the Bank has no wholesale debt issues maturing until the fourth quarter of 2014 (€1.2 billion), with a further €1.2 billion due in 2015. The Bank has €6.9 billion of liquid assets with which to meet these maturities.

Also related to this is the fact that Bankinter has considerably reduced its reliance on the European Central Bank, as shown by its having repaid more than €6.3 billion during the year, equivalent to 66% of the lines it had one year ago.

The year 2013 also demonstrated the solidity and good progress of customer business of the Bank, which continues to pursue a strategy focused primarily on the corporate and private banking segments. In respect of this latter segment, we should point out that Bankinter grew by 18.9% over the course of the year in terms of the number of active clients and by 28.4% in total assets under management. With the emphasis on services with the greatest added value, such as SICAVs, the number of companies managed grew by 15.4% to reach 293.

A similar trend was shown by the insurance distribution and sale business, especially as regards Línea Directa, posting growth of 6.1% in the total number of policies, which reached 2.1 million. By branches, the growth of home policies was particularly notable this past year - up by 27.6%, while Motor policies increased by 3%.

Growth of the corporate lending portfolio

+4.5%

compared with 2012

Margins and Results

The results posted by the Bankinter Group for the year 2013 are based on sustained growth in the strategic private and corporate banking business lines and confirm the positive development of margins and the solidity and profitability of the insurance activity. The containment of costs also consolidated the improvement in the cost/income ratio for the banking activity, which came to 40.5%, compared with 42.9% for the previous year.

Bankinter's interest margin for the year came to €635.9 million, representing a 3.7% decrease relative to 2012, due essentially to the sharp fall in the one year EURIBOR, which is still at all-time record lows. A quarter-by quarter analysis of changes in this margin, however, reveals that, after bottoming out in the first quarter, it showed a constantly improving trend over the next three quarters. Thus, the interest margin for the fourth quarter of 2013 was €174 million, 18.6% more than in the fourth quarter of 2012. All this is thanks to the substantial improvement in the customer margin, and in spite of the reduction in the bond portfolio.

As for the gross margin and the margin before provisions, they continued to grow throughout the year, which is particularly noteworthy in the current difficult environment.

The gross margin for the year was €1.38 billion, up 9.7% on last year, thanks to the good performance of net commissions, which increased by 22.2% for the period due largely to the private banking and transactional business activities.

The margin before provisions for the year was €695.6 million, 18.1% up on 2012, enabling provisions for loans and repossessed assets to be further strengthened.

Bankinter's net profit for the year 2013 was €215.4 million, on pre-tax profit of €297.6 million, representing respective increases of 72.8% and 93% on the previous year.

Turning to the balance sheet, Bankinter's total assets at the end of the year stood at €55.14 billion, 5.2% less than at year-end 2012. Controlled resources increased by a noteworthy 15.1% on the previous year, reaching €51.03 billion. Within this, the increase shown by resources managed off-balance sheet was especially positive, amounting to 52.4%, with investment funds up by 58.4% for the year. As a result Bankinter Gestión de Activos was the asset manager that grew most in 2013 out of the top ten in the ranking.

As for customer lending, at year-end, the total was €41.2 billion, just 2.1% down on 2012, which can be considered highly satisfactory in view of the context of continuing economic contraction with total lending in the financial system down by 12.6% (November 2013 vs. November 2012) or by 7.6% adjusted to SAREB (Spain's "bad bank").

As regards lending, we would highlight the 4.5% growth in corporate lending, to a total of €17.7 billion, the more so given that the system as whole showed a drop of 8.8% in lending to businesses based on November figures. In residential mortgages, the last quarter of the year showed a shift in trend in step with the launch of the Bank's mortgage campaign, which enabled it to increase new mortgage lending by 2.3 times in Q4 compared with Q3.

Against this backdrop, Bankinter continued to maintain the quality of its assets at an optimal comparative level.

At the end of December 2013, doubtful debts stood at €2.28 billion, representing 4.98% of the Bank's computable risk, well below the sector average. A significant portion of the increase in NPLs came about in the third quarter of the year due to the reclassification exercise on refinanced loans in accordance with the new Spanish central bank criteria. Nevertheless, the Bank's NPL ratio at the end of the fourth was slightly down on that of the previous quarter.

Bankinter's portfolio of refinanced loans at year-end stood at €1.73 billion, representing 3.8% of the total computable risk. Of this refinanced portfolio, 38% is in 'regular' status', 24% in 'sub-standard' and 38% is in arrears.

Bankinter's portfolio of repossessed assets is very small and is concentrated particularly in residential properties. The gross value of the portfolio is €627.8 million, which is even less than in the previous quarter. Moreover the cover for these assets has increased from 37.7% at year-end 2012 to 41.2% at the close of 2013. Also, during the year the Bank raised the pace at which it sold these assets, compared with previous years, with gross sales of these assets representing 93.7% of gross new additions during the year.

€000s	31/12/2013	31/12/2012	Difference	
Profit and Loss Account	**Amount**	**Amount**	**Amount**	**%**
Interest and similar income	1,476,230	1,707,696	-231,467	-13.55
Interest expense and similar charges	-840,326	-1,047,441	207,115	-19.77
Interest margin	**635,904**	**660,255**	**-24,351**	**-3.69**
Income from equity instruments	8,946	11,791	-2,845	-24.13
Share in results of entities accounted for using the equity method	15,545	17,677	-2,132	-12.06
Net fees and commissions	249,020	203,840	45,179	22.16
Income from financial transactions and exchange differences	228,755	145,130	83,625	57.62
Gross Margin	**1,375,461**	**1,254,041**	**121,420**	**9.68**
Personnel expenses	-356,833	-342,498	-14,335	4.19
Administrative expenses/Depreciation and Amortisation	-323,013	-322,371	-642	0.20
Operating profit (loss) before impairment provisions	**695,614**	**589,172**	**106,442**	**18.07**
Operating profit (loss) after impairment provisions	**391,388**	**170,123**	**221,265**	**130.06**
Gains/losses on elimination of assets	-93,822	-15,943	-77,878	488.47
Profit before tax	**297,566**	**154,179**	**143,387**	**93.00**
Income tax	-82,143	-29,525	-52,617	178.21
Consolidated result	**215,424**	**124,654**	**90,770**	**72.82**

€000s	2013						2012
		Difference (%)					
Quarterly Profit and Loss Account	**4Q13**	**4Q13/4Q12**	**4Q13/3Q13**	**3Q13**	**2Q13**	**1Q13**	**4Q12**
Interest and similar income	362,527	-9.20	-2.05	370,103	367,436	376,164	399,265
Interest expense and similar charges	-188,548	-25.35	-4.11	-196,626	-211,614	-243,539	-252,567
Interest margin	**173,979**	**18.60**	**0.29**	**173,477**	**155,822**	**132,625**	**146,697**
Income from equity instruments	1,002	-70.46	-48.58	1,949	3,796	2,199	3,392
Share in results of entities accounted for using the equity method	4,532	-7.27	12.03	4,046	3,415	3,553	4,887
Net fees and commissions	71,255	32.45	15.91	61,477	60,345	55,943	53,798
Income from financial transactions and exchange differences	74,045	91.98	105.34	36,060	52,014	66,636	38,570
Other operating products/expenses	57,229	7.37	-2.96	58,973	61,451	59,639	53,301
Gross Margin	**382,042**	**27.07**	**13.71**	**335,981**	**336,844**	**320,594**	**300,646**
Personnel expenses	-97,193	20.26	13.70	-85,484	-87,299	-86,857	-80,817
Administrative expenses/Depreciation and Amortisation	-81,852	1.07	2.10	-80,166	-80,948	-80,047	-80,989
Operating profit (loss) before impairment provisions	**202,997**	**46.21**	**19.18**	**170,331**	**168,597**	**153,690**	**138,840**
Provisions	-6,382	n.s.	29.18	-4,940	-3,050	113	-472
Losses from asset impairment	-56,470	-26.13	-31.07	-81,925	-76,911	-74,662	-76,447
Operating profit (loss) after impairment provisions	**140,145**	**126.33**	**67.91**	**83,465**	**88,637**	**79,142**	**61,921**
Gains/losses on elimination of assets	-53,667	-929.71	365.99	-11,517	-17,289	-11,348	6,468
Profit before tax	**86,477**	**26.45**	**20.19**	**71,948**	**71,347**	**67,794**	**68,389**
Income tax	-26,858	67.55	45.65	-18,440	-19,422	-17,423	-16,031
Consolidated result	**59,619**	**13.87**	**11.42**	**53,509**	**51,926**	**50,371**	**52,358**

%	31/12/2013		31/12/2012	
Cumulative Returns and Costs	**Weighting**	**Type**	**Weighting**	**Type**
Deposits with central banks	0.69	0.36	0.82	0.46
Deposits with credit institutions	3.70	0.47	4.33	1.02
Loans and advances to customers (a)	70.70	2.70	72.20	3.06
Debt instruments	19.37	3.23	16.86	3.73
Equities	0.57	2.75	0.48	4.16
Average earning assets (b)	**95.03**	**2.73**	**94.69**	**3.07**
Other assets	**4.97**		**5.31**	
AVERAGE TOTAL ASSETS	**100.00**	**2.59**	**100.00**	**2.90**
Deposits from central banks	12.36	0.58	15.43	0.89
Deposits from credit institutions	12.62	1.79	13.04	1.91
Customer resources (c)	63.51	1.74	62.24	2.07
Customer deposits	45.22	1.64	37.00	1.94
Marketable debt securities	18.29	1.97	25.24	2.27
Subordinated liabilities	1.24	4.62	1.68	3.93
Average interest-bearing funds (d)	**89.74**	**1.63**	**92.39**	**1.89**
Other liabilities	**10.26**		**7.61**	
AVERAGE TOTAL FUNDS	**100.00**	**1.46**	**100.00**	**1.75**
Customer margin (a-c)		**0.97**		**0.99**
Net interest income (b-d)		**1.10**		**1.18**

€000s	2013	2012	2011
BAI	297,566	154,179	240,148
GDP	551,210	471,197	510,850
Customer funds	39,051,212	36,472,343	38,390,347
Lending	41,196,451	42,059,716	42,605,299

€000s	2013	2012	2011	Change	Change %
Average total assets	57,273,690	59,193,462	57,206,653	-1,919,772	-3.243%

Value added to GDP (€000s)	2013	2012	2011
Employee salaries	356,833	342,498	329,965
Direct taxes	89,174	36,449	63,854
Corporate Income Tax	82,143	29,525	58,922
Other taxes	7,031	6,923	4,932
Remuneration of capital	52,602	46,125	58,516
Retained earnings	52,602	46,125	58,516
TOTAL	**551,210**	**471,197**	**510,850**

€000s	2013	2012	2011	2010
Personnel expenses	356,833	356,833	329,965	**332,934**


risks
risks

Risk management

Basic principles of the risks function

The Framework Agreement on Risk Policy established by the Board of Directors sets out the Bank's risk strategy and profile for each year.

The Board of Directors, through the Executive Committee and the Audit and Compliance Committee, takes care of and supervises the policies, systems and internal control procedures relating to all the Bank's risks, as well as the prevention of money laundering in accordance with applicable current legislation.

The organisational structure of the entire risks function reports hierarchically to the CEO, thus establishing independence between the risks and business functions.

The identification, measurement, monitoring, control and management of all the risks inherent in banking operations constitute a fundamental aim within the framework of overall management of all risks.

Bankinter has received approval from the Banco de España for its internal rating models, methodologies, systems and policies for measuring most of its risks, applying them to the calculation of capital requirements as established by the regulatory solvency framework.

The basic principles governing general risk management are:
- Contribute towards maximising return on capital, safeguarding the Bank's solvency.
- Independence of the risk function.
- Alignment with strategic objectives.
- Risk determination, approval and monitoring of new products.
- Integrated risk management.
- Importance of the automated approval systems.
- Risk diversification.
- Relevance of service quality in the risks function.
- Policy of sustainable investment.
- Policy of responsible lending.

The principles for managing risk in each business segment are determined in the Framework Agreement. There is a specific section relating to the Responsible Lending Policy, pursuant to the provisions of the Transparency Act, which contains the principles that the Bank has always applied in this field.

Credit Risk

Organisation and functions

The Board of Directors establishes the Risks Policy and delegates its implementation to the Risks Committee, which is chaired by the Executive Vice-Chairman. Its delegated powers include approving operations and defining the powers of the committees at the next levels below.

The Risks, Incidents & Arrears Control and Repossessed Assets divisions each report directly and separately to the CEO, thus ensuring maximum attention to all the processes relating to risk management.

The Risks division, which covers the main risks (credit risk, market risk, structural interest rate and exchange risks and operational risks) is responsible for drawing up and publishing policies for the approval, control and management of risks. Its targets include the development of automated authorisation systems and all risk approval processes, while always seeking maximum efficiency and quality.

The Credit Risk division performs its functions through the following organisational units:

— Risk approval and policies are carried out by:
    — the Private Individuals Risk unit.
    — the Corporate and Property Developers Risks unit.
    — the Corporate Risks unit.
— The Risk Processes unit is in charge of defining and enhancing the various risk processes and IT systems.
— The construction and maintenance of risk models and their components is carried out by the Global Risk Management unit.

In addition to their own functions the various units take part in the process of defining new products and determining the risk parameters and the approval process.

In accordance with the Bank's strategy and policies, the hierarchy and structure of the powers delegated to each of the risk committees are established, and the approval systems automatically check that they are complied with.

The risk approval process is supported by an electronic proposal that enables integration and unification of all of the Bank's networks and channels. The use of statistical models enables retail risk approval to be automated and assists decision-making on risks requiring non-automated approval.

The Incident Control department is responsible for managing and handling the processes for the control, monitoring and collection of early arrears, developing automated systems to make the processes more efficient and establishing controls on data quality and transaction formalities.

The Arrears and Repossessed Assets department is responsible for managing and handling processes for the control, monitoring and non-amicable recovery of loans, establishing processes and systems to make this activity more efficient and improve recovery rates on non-performing loans.

It is also responsible for all matters relating to the policy on, and the study, approval and monitoring of refinancing transactions. Refinancing or restructuring transactions are carried out only when they can be shown to be viable, and incorporating additional guarantees whenever possible.

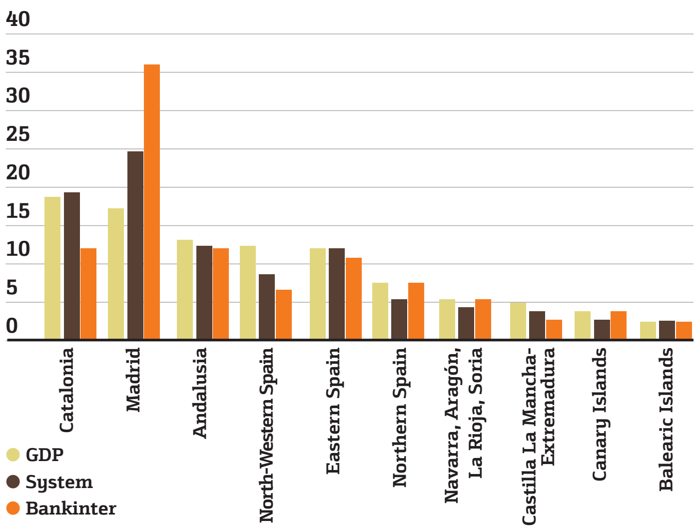
Apart from this, it is also responsible for setting prices for repossessed assets, establishing sales policies and taking care of the assets until they are sold, with a view to maximising the value for the Bank, taking account of market conditions at any given time.

Forming part of the Arrears and Repossessed Assets division is the Internal Validation unit, which is responsible for validating the advanced risk models and their results, independently of its risk modelling functions.

Every year the Risks division produces a risk map, to identify, quantify and uniformly summarise the various risks to which the Bank is exposed, as well as the situation of the management systems used to control them, with the aim of reducing potential losses as far as possible by means of mitigation measures.

Risk diversification is a fundamental management principle that has demonstrated its effectiveness in this crisis. The Bank periodically monitors risk diversification by sector, geographical location, product, security held, customers and counterparties, and has maximum permitted risk concentration policies.

Geographical spread of lending (%)



GDP: data from INE, the Spanish National Statistics Institute

Total Lending by the System: Banco de España (3Q13)

Trends in credit risk

The adverse effects of the crisis continued to be felt through 2013, although over the course of the second half signs of economic stabilisation and indications of a timid recovery appeared.

The year was characterised by a gradual return of confidence and of international capital inflows to Spain, thanks to the very significant progress made in restructuring the financial sector and the labour market and the substantial improvement in the Spanish economy's external financial position, with the balance of payments performing very well indeed. This performance was largely due to a very good year for tourism, and to the excellent way in which our export sector has adapted; it was also due to the weakness of domestic demand, as businesses and families continued the long and unavoidable process of adjustment and debt reduction (deleveraging).

Yet again in 2013 there was a sharp reduction in credit to the resident private sector, which was down by 12.9% at the end of the third quarter according to Banco de España data which show falls of 19.5% in lending to manufacturers and 5.7% in that to private individuals. This fall in lending, which slowed considerably in the second half of the year, was caused by several factors:

On the supply side, the crisis that continues to impact banks' earnings, the restructuring, the 'clean-up' and new capital requirements have inevitably reduced banks' lending capacity.

On the demand side, businesses and families have continued their efforts to deleverage so as to adapt to the new economic situation; furthermore, the years of crisis we have come through are leading to a reduction in solvency on the part of would-be borrowers, while demand from solvent borrowers has remained very low, with so many investment projects suspended in the light of economic uncertainty.

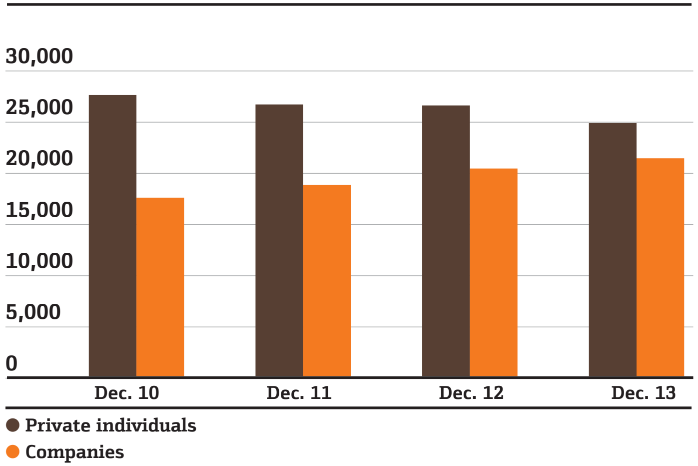
All these factors combined to reduce the supply of and solvent demand for credit. Bankinter, while maintaining its high standards of credit quality, is committed to the recovery of credit for families and businesses. In this context, the solvency and quality of its balance sheet have allowed it to continue to perform much better than the sector as a whole. It is noteworthy that Bankinter's lending to companies increased by 4.6% in a context in which, as already commented upon, lending to manufacturers by the sector as a whole fell by 19.5%.

Non-performing loans and problem assets continued to deteriorate in 2013 as a result of the prolonged crisis. Additionally, the recognition and clean-up of refinanced loans was tackled in accordance with criteria laid down by the regulator. All this is commented on in detail in the section 'Control, recoveries and real estate assets'. In spite of the deterioration, in 2013 the difference in credit quality between Bankinter's portfolio and that of the sector as a whole increased once again.

Thanks to the Bank's level of solvency and the quality of its assets, computable credit risk (which includes lending and contingent liabilities) fell by 1.5% during the year, much less than the sector as a whole, as previously explained. These levels of asset quality and solvency will allow Bankinter to contribute to the reactivation of credit with an advantage over its competitors.

Credit risk (€000s)	31/12/2013	31/12/2012	Change	%
Computable ex-securitisation risk	45,653,137	46,355,295	-702,158	-1.51
Doubtful debts	2,275,370	1,984,028	291,342	14.68
Provisions for credit risk	956,626	958,523	-1,897	-0.20
NPL ratio (%)	4.98	4.28	0.70	16.36
Non-performing loans coverage ratio (%)	42.04	48.31	-6.27	-12.98
Repossessed assets	627,826	611,665	16,161	2.64
Provision for impairment of repossessed assets	258,616	230,524	28,092	12.19
Coverage of repossessed assets (%)	41.19	37.69	3.50	9.29

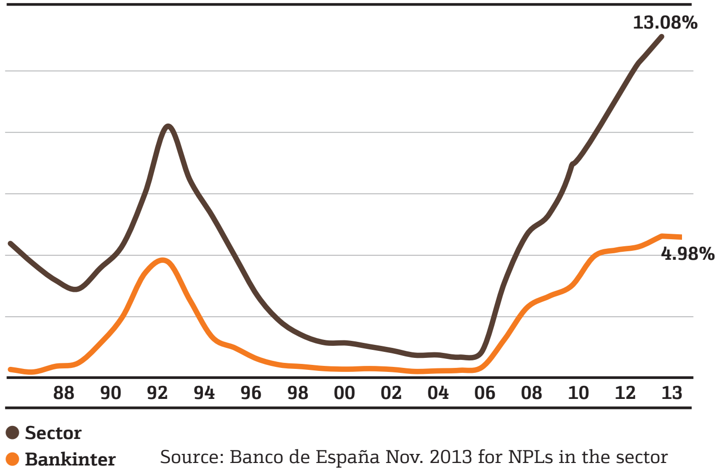
Over the past few years Bankinter has been changing the composition of its loan portfolio. As relatively low-margin mortgage loans to private individuals mature, the funds freed up are being used for higher-margin lending to good-quality businesses, mainly in Corporate Banking.



The Group has a solid risk culture, a team of highly qualified people and the support of advanced information systems that constitute basic pillars of the Bank's management.

In terms of arrears, we ended the year with a ratio of 4.98% compared with 4.28% the year before. This figure is lower than the average for the sector as a whole, which was 13.08% at the end of November 2013 according to data from Banco de España.

Trend of NPL ratio (%)



Source: Banco de España Nov. 2013 for NPLs in the sector

The volume of problematic and repossessed assets continues to be well below those of the Group's main competitors in comparative terms.

The prudent credit approval policy applied both in times of economic growth and in times of contraction such as the present, and the proportion of risk secured by mortgages (60% at year-end) have allowed us to keep losses on the lending portfolio down throughout the crisis. The LTV (Loan to Value) ratio, which measures the ratio of the amount of the loan to the value of the house, has always been moderate (59% at year-end) and continues to provide an important safety margin in case of falling real estate prices. Also notable is the fact that 82% of the mortgage lending portfolio is secured by mortgages on residential properties, and this has been a great source of strength for the portfolio during the long recession.

Another example of the judicious risk policy was the decision to keep exposure to risk on property developers to a minimum (less than 2%). The highly restrictive policy followed in approving risk on property developers, with hardly any financing of land, continues to give the Bank a competitive advantage.

Private individuals

The personal lending portfolio maintained its high credit quality, amounting to €24.12 billion at year-end, down by 6.3% on the previous year, and an NPL ratio of 3%.

The policy for approving residential mortgage loans, the product with the biggest exposure, has always followed very conservative principles, with the maximum LTV having been set in 2003 at 80% in anticipation of a change of cycle, and this has proved decisive for the quality of the portfolio and its favourable difference from that of the sector as a whole.

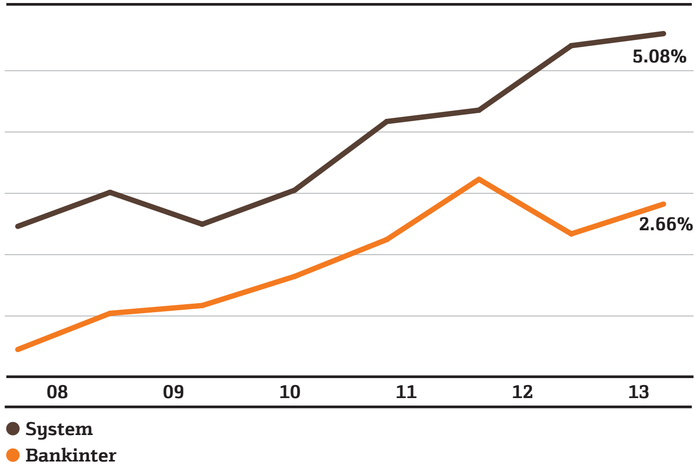
The average effort (measured as the proportion of income that the customer allocates to paying mortgage loan instalments) in the mortgage portfolio remained at a very low level (23% at year-end).

The breakdown of the portfolio by LTV is as follows:

Total Bank	% Transactions
LTV 00 - 10%	17.4
LTV 10 - 20 %	12.5
LTV 20 - 30 %	13.0
LTV 30 - 40 %	13.6
LTV 40 - 50 %	14.2
LTV 50 - 60 %	13.2
LTV 60 - 70 %	10.2
LTV 70 - 80 %	4.4
LTV 80 - 90 %	0.9
LTV 90 - 100 %	0.6
TOTAL LTV BRACKETS	**100**

The NPL ratio (2.66% at year-end) continues to be the best in the entire financial system, which in September 2013 (the latest information published by the Mortgage Association of Spain) had a ratio of 5.1% for this type of lending.

Mortgage NPLs



(Data provided by the Spanish Mortgage Association)

*Sector data for September 2013 vs. Bankinter for December 2013

Corporate Banking

Since the onset of the crisis, the Group has seen lending to this segment as strategic: it has many years of experience in the segment, which compared with other segments is more internationalised and less exposed to the Spanish economic cycle, with a lower non-performing loan ratio. In 2013 it was once again the segment that performed best in terms of outstandings, ending the year up by 6.2% on the previous year, at €13.93 billion. The NPL ratio at year-end stood at 3.4%.

The principles of lending have not changed, and increased lending continues to conform to them. These principles include notably:

— Monitoring of current risks.

— Systematic use of rating models based on statistical rating, together with subjective assessment by the Risks Committee.

— Conservative management of the customer portfolio.

— Optimisation of the risk-return trade-off.

— Lending for specific purposes, with the objective of establishing a long-term relationship with customers.

— Diversification of sectors and terms.

Small and medium-sized enterprises

The credit risk on this segment amounted to €6.76 billion at year-end, 3.9% up on the previous year, and with an NPL ratio of 11.5%. The Bank makes use of automated decision-making models in managing this segment, together with teams of highly experienced risk analysts. The performance of this portfolio in 2013 was affected by the flatness of demand for and supply of credit already commented on.

It should be highlighted that 64% of the outstanding arrears balance for SMEs has mortgage guarantees with an LTV ratio of 39%.

Incidence Control

In the first quarter of 2013 we separated the Credit Risk Control (prevention) and Incidents (early arrears) functions from Recoveries (NPLs) and Real Estate Assets, creating two independent units, each reporting directly to the CEO.

The Incidents Control unit is responsible for managing and handling the processes of control, monitoring and collection of early arrears by means of:

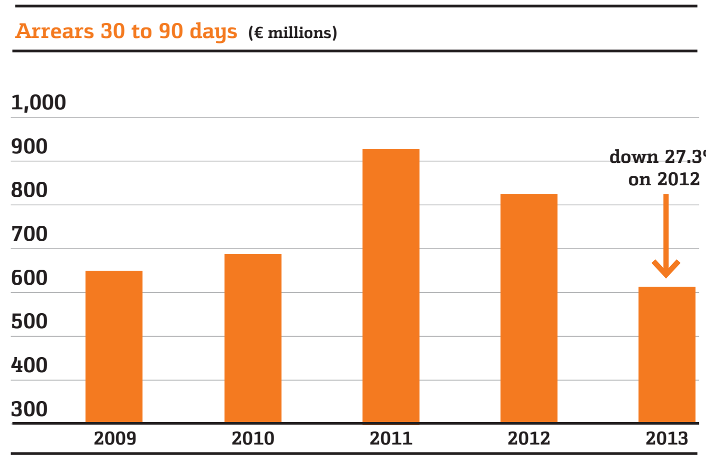
— Preventive control from risk approval, detecting and interpreting warning signs by means of technological support.

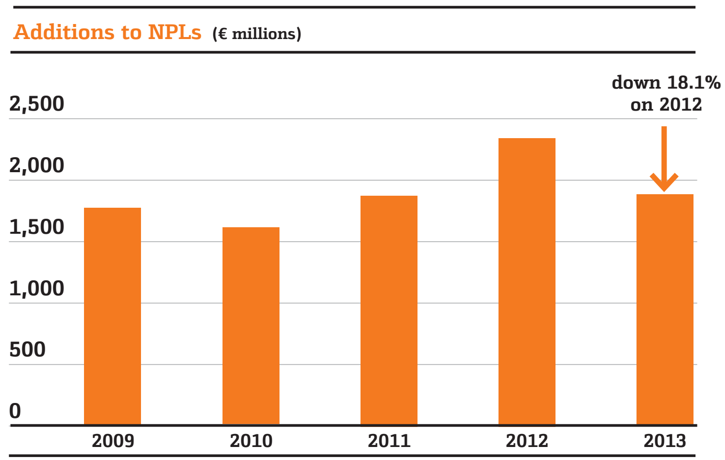
— Collection of unpaids from the moment they arise and up to 90 days, minimising their transition to NPL.

— Review of correct formalisation of credit transactions and the correctness of the data input into the Bank's credit approval systems.

— Efficient handling of early arrears.

This intensified attention given to incidents during the year helped to reduce unpaids 30 to 90 days overdue by 27.3% and transition to NPL by 18.1%.





NPLs and Repossessed Assets

The NPLs and Repossessed department manages and handles the processes of control, monitoring and non-amicable recovery of loans in accordance with Banco de España rules. Additionally, it is responsible for setting prices and sales policies for repossessed assets, taking care of them and selling them, with a view to maximising the value for the Bank. It is also responsible for all matters relating to the policy on, and the study, approval and monitoring of refinancing transactions.

To do so, it performs its functions through the following organisational units:

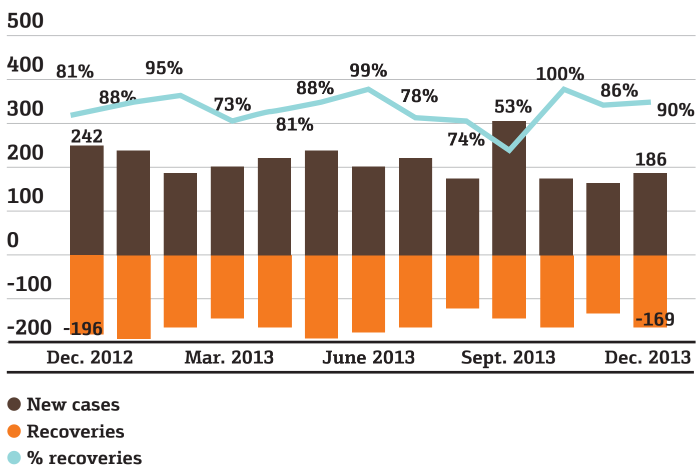
- Recoveries unit: manages and handles the processes of refinancing and non-amicable debt recovery, promoting systems and processes to improve the effectiveness of recovery.
- NPL Analysis unit: analyses and reports on information relating to bad and doubtful debts for management and regulatory purposes.
- Real Estate Assets unit: performs all functions relating to the handling of these assets.
- Internal Validation unit: carries out internal validation of risk models.

Trend in NPLs

In 2013 the team's wide experience and the excellent functioning of the processes and tools enabled us to optimise the level of recoveries.

Bankinter has had automatic systems in place for years for controlling and monitoring credit risk on a permanent basis.

New cases and recoveries (€ millions and %)



The increase in non-performing loans was less in 2013 than in the previous year, thanks to intensive work in the area and an improvement in the processes. The recovery ratio increased accordingly to over 83% a month on average.

Our limited exposure to property developers, which have been most heavily penalised by the crisis, has enabled us to widen our lead over the sector as a whole and over our closest rivals in terms of the arrears ratio.

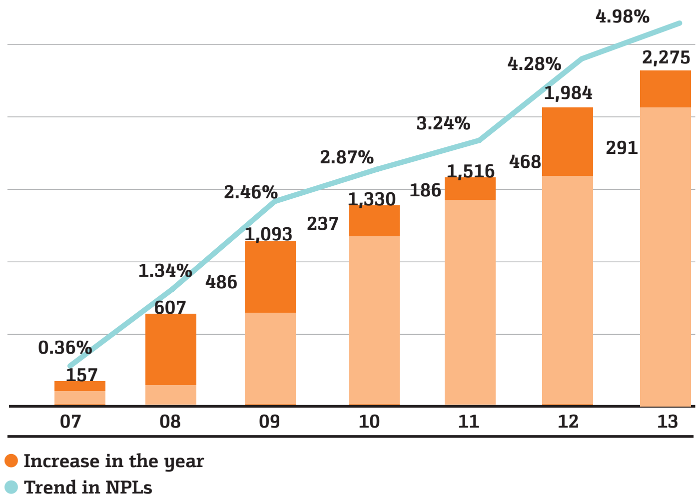
The recovery process involves:

- Support from technology (CRM).
- Traceability.
- Integration of all information from all parties involved, external and internal.
- Behavioural models.

The Bank has various applications that allow the investment credit follow up to be carried out.

— Statistical client alert.
— Risk rating: 'special watch' and 'risk to be eliminated'.
— Branch Office alerts.
— Back-testing.

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



The portfolio of credit risk refinancing and restructuring transactions at the end of 2013 stood at €1.73 billion, with any amendment to credit risk conditions being considered as refinancing. The majority of refinancing operations have additional guarantees.

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

Impaired assets	2013	2012
Balance at start of period	1,984	1,516
Net additions	523	661
Written off	232	193
Balance at close of period	**2,275**	**1,984**

Real estate assets

The balance of the real estate portfolio at year-end amounted to €628 million, representing an increase of €16 million on the previous year.

Real estate assets are highly diversified in geographical terms and as regards property type, which makes them easier to sell. The volume of sales amounted to €241 million, representing an increase of 65% compared with the previous year

Regarding the Bank's real estate portfolio, it is worth noting that it does not include any properties currently in the development stage and that the proportion of rural land is very small; in the current situation the market for both these products is limited.

Provisions

Solvency levels and asset coverage allow the Group to face the current situation in good condition. At the end of the year the provision coverage rate for NPLs stood at 42%.

The doubtful mortgage portfolio with mortgage guarantees presents an LTV ratio of 47% and given the excellent default ratio with mortgage guarantees and the high LTV, the losses in the mortgage portfolio are insignificant.

Reputational Risk

Reputational Risk is the risk of interactions with customers leading to a negative image regarding business practices, which may cause a loss of trust in the institution's moral integrity.

This area is responsible for the detection, analysis and assessment of the potential impact (seriousness) of all of those practices and factors coming under the activity carried out, and which can give rise to reputational risk. It also performs the task of establishing monitoring and control processes for these mitigation practices and measures or, where applicable, the elimination of the risk inherent in them.

The Operational, Reputational and New Products Risk Committee meets on a regular basis, with the following functions as regards reputational risks:

– Promoting the implementation of reputational risk policies.
– Following up the actions taken to mitigate the most significant risks.
– Deciding on which proposals should be submitted to the Committee regarding possible reputational risk events.
– Validating compliance with procedures and protocols for identifying and assessing reputational risks. This function is particularly relevant where launches of new products or business lines are concerned.

Internal risk scoring models

This past year, like the one before, was marked by the prolongation of the economic crisis that started in 2007. In this climate, the internal models continued to prove solid and highly efficient in their ability to make distinctions.

The prolonged crisis is enabling us to gain a more precise understanding of the quality of the risks, the frequency of arrears and their actual losses in situations of deep recession such as the present one.

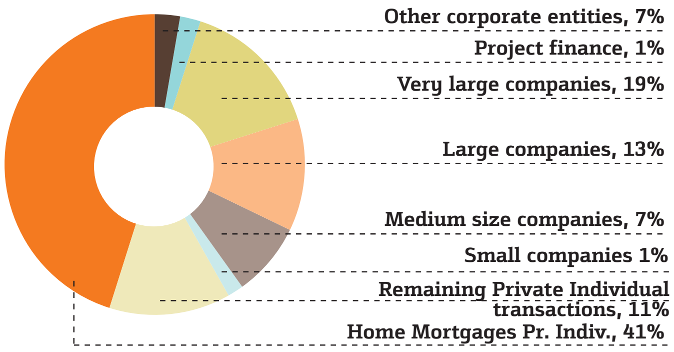
During 2013 progress was made with the development, improvement and validation of internal models. Bankinter continues with the regulatory use of Internal Rating Based models in the internal categories of home mortgages for private individuals, unsecured loans, small companies, medium-sized companies and developer project finance (in this case, according to a model of supervisory categories). The main advances were in the SME models and severity calculations. In both cases we made significant changes, which were validated and approved by the Banco de España. Bankinter is continuing its successive implementation plan for the validation by the supervisor of the remaining models.

In parallel, increasing use continued to be made of internal models for rating and authorising transactions, and progress was made with the development of systems and procedures for managing risk-adjusted prices, application of risk-adjusted return measures to management, and monitoring of the overall risk profile of the lending portfolio.

The models developed cover 92.5% of total customer credit risk exposure. The following diagram shows the breakdown of customer credit risk exposures, classified by risk category and internal rating.

Each risk category comprises the customer positions that, from a risk point of view, are together sufficiently uniform - and sufficiently differentiated from other categories - to permit their statistical modelling.

Distribution of credit exposure by internal category

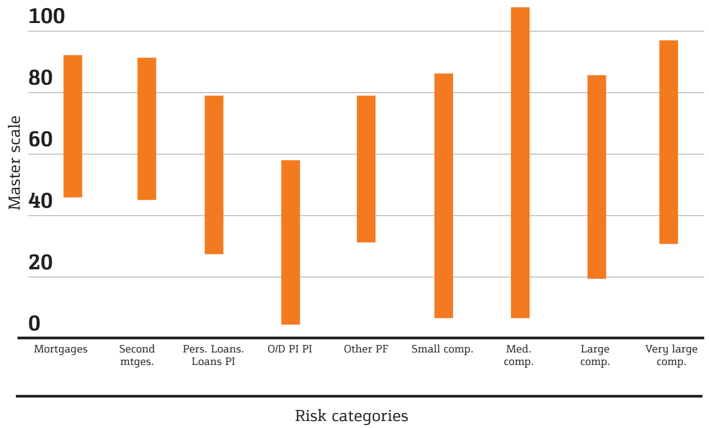


The internal rating models provide, for each category, a score or internal rating of the risk assumed by the Bank vis-à-vis each customer or transaction. Each of these ratings is associated with a certain probability of default (probability of a delay in payment longer than 90 days) and, accordingly,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

1. Business
2. Innovation
3. The Human Factor

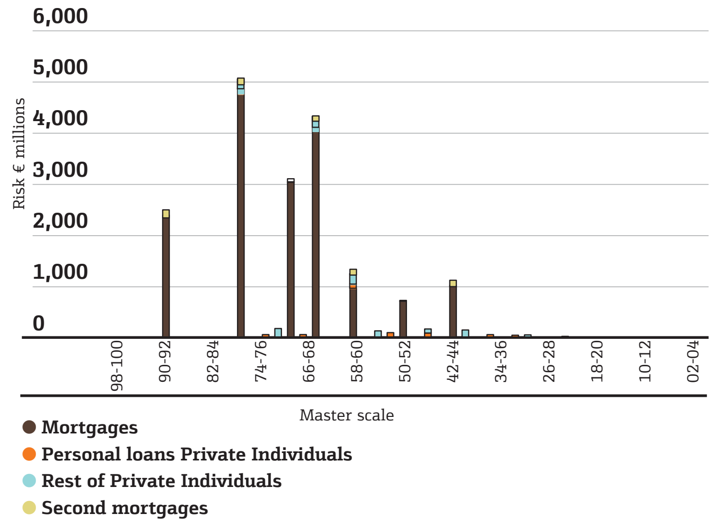
In each risk category, whether relating to private individuals or corporate entities, the range of probability of default associated with the rating of each one is different. In order to be able to compare the various credit risk categories, an internal master scale has been developed that gives a value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

Location of risk categories on master scale

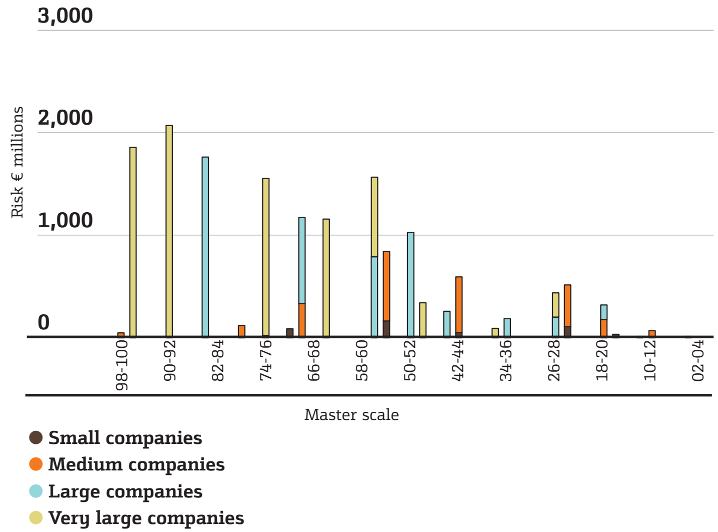


The breakdown of credit risk with private individuals and corporate entities according to the master scale is as follows:

Distribution of risk according to the master scale. Private individuals



Distribution of risk according to the master scale. Private individuals



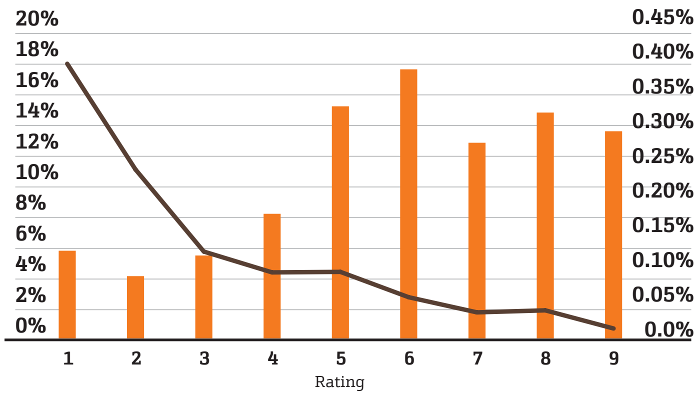
Bankinter has historical default databases that allow calculation, for each of the lending risk categories, of the probability of default (as defined above), the severity (the average loss given default), and the expected exposure at the time of default.

Probability of default, severity and exposure are the three factors required to calculate the expected loss.

The expected loss is a key factor in estimating the risk premium that should be passed on in the transaction price as an additional cost of the lending activity.

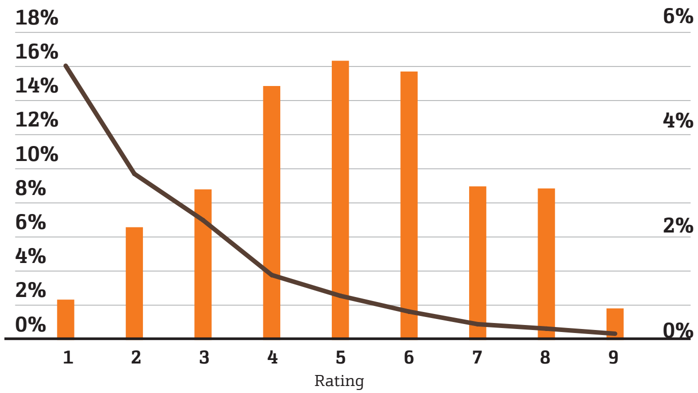
Bankinter's estimates of probability of default, severity and exposure, and therefore of anticipated loss, bear witness to the excellent quality of its portfolios. For example, in the mortgage lending portfolio, almost 74% of the exposure is rated 5 or more, the expected loss being 0.4%, slightly higher than that recorded up until the previous year, reflecting the damage caused by the persistence of the crisis.

Distribution of home mortgages portfolio by rating



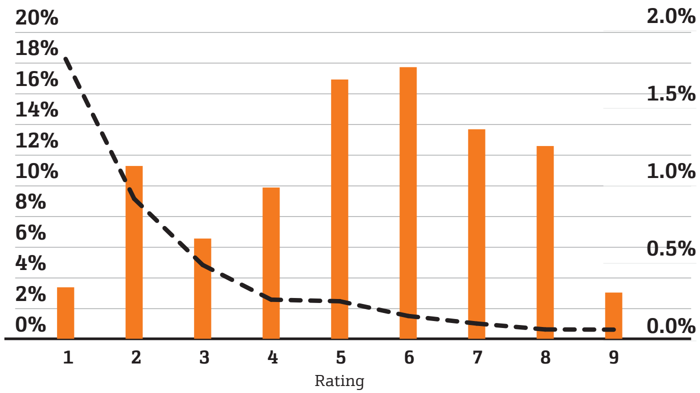
● Expected loss (%)
● Risk (%)

Distribution of the portfolio of Unsecured Credits and Loans to private individuals by rating



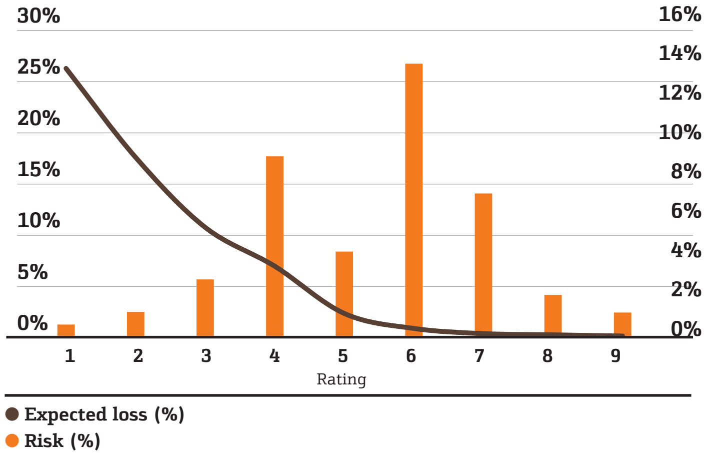
● Expected loss (%)
● Risk (%)

Distribution of the portfolio of other transactions with Private Individuals by rating

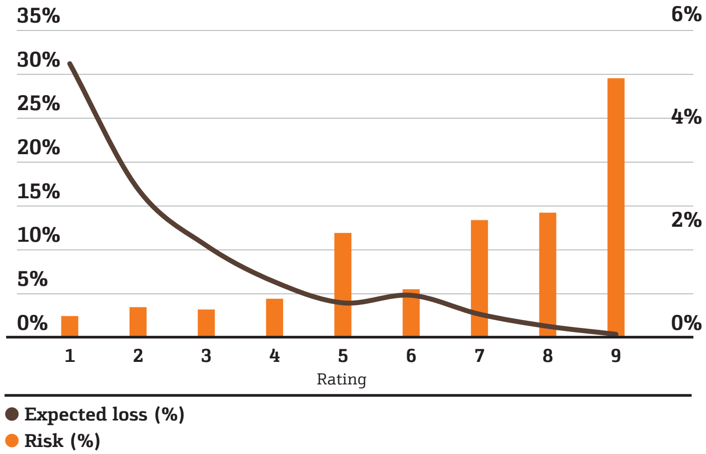


● Expected loss (%)
● Risk (%)

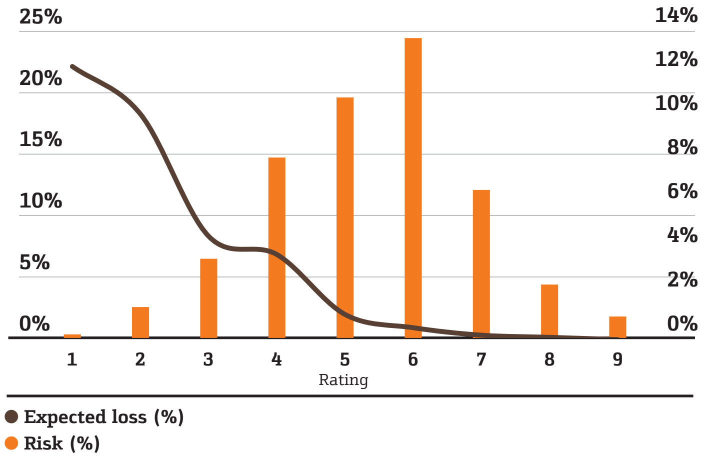
Distribution of the Small Companies portfolio by rating



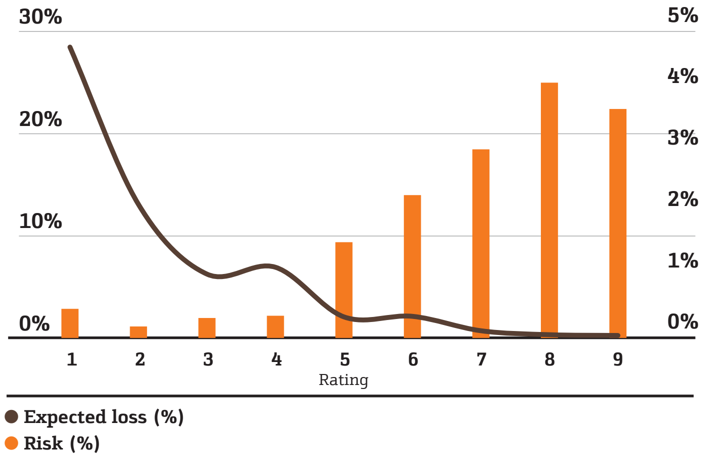
Distribution of the Large Companies portfolio by rating



Distribution of the Medium Size Companies portfolio by rating



Distribution of the Very Large Companies portfolio by rating



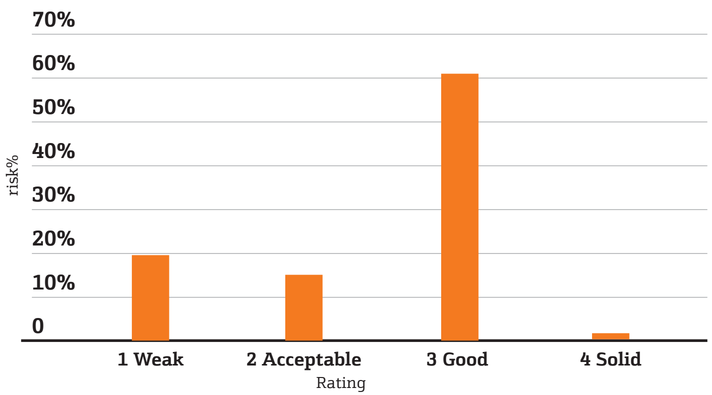
The low levels of expected loss are due both to the quality of the transaction acceptance systems and to the excellent recovery systems and methods for transactions that go into arrears.

Developers

Bankinter has traditionally applied criteria of maximum caution when accepting the risk of property development transactions, as illustrated by the figures in previous sections of this Report and by our reduced exposure to this risk category. The internal rating system for housing development financing transactions is based on the completion of an assessment questionnaire by expert analysts. Since 2009 this portfolio has been closely monitored, and the credit ratings of transactions in this category have been reviewed to ensure that they are kept up-to-date at all times and are consistent with the suddenness and severity of the economic deterioration.

The statistical processing of these assessments classifies transactions in this portfolio into four categories, with 'weak' being the least favourable and 'solid' the most favourable.

Distribution of the real estate development portfolio



Internal capital

In this section the following terminology is used when referring to capital:

- Internal capital is the Bank's estimate of the capital that it considers it would need to maintain in order to ensure its solvency in the absence of regulatory requirements. It is defined as the in-house measurement of unexpected losses used by the Group to consistently aggregate and evaluate all risks and changes thereto over time.

- Regulatory capital is the capital required at any given time by the regulators, and in particular, by Banco de España Circular 3/2008 and any complementary provisions thereto, such as the successive decrees concerning the strengthening of the financial sector or the recent Circular 7/2012 on minimum core capital requirements.

- Economic capital can be defined as an institution's potential unexpected loss in a one-year horizon, with a statistical level of confidence.

As part of its self-assessment of capital, Bankinter estimates internally (in parallel with the estimate required by the regulator) the capital requirements deriving from all its risks.

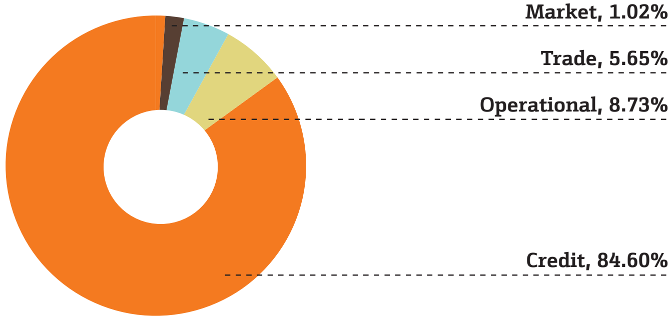
To do so, having calculated the regulatory capital requirements, it reviews and evaluates all its risks. To quantify these risks and to measure the required internal capital, it uses economic capital methods in proportion to the size and complexity of the activities. Where it is not possible or appropriate to use economic capital, regulatory capital requirements are applied.

At present internal capital requirements relating to market risk are estimated using economic capital methods, while regulatory capital methods are used for the remaining risks.

In the case of credit risk, given that Bankinter has for some years been using internal rating based (IRB) models, some of which are still in the process of being approved by the supervisory bodies, and which are sufficiently solid in the Bank's judgement, the regulatory capital that would result if these models had been approved by the supervisor and were applied is used as the internal capital for credit risk. The reason is that by using the same databases and parameters as with economic capital methods, a more conservative result is obtained.

The breakdown of internal capital by type of risk is as follows:

Contribution to economic capital by type of risk (%).



Structural and market risk management policies

This heading includes the Bank's structural risks and risks arising from possible changes in the market price of negotiable financial instruments.

The Board of Directors delegates the continuous monitoring of decisions regarding structural balance sheet risks (interest rate risk and liquidity risk), stock market risk and exchange rate risk of the Bank's corporate positions, as well as the establishment of financing policies, to the Assets and Liabilities Committee (ALCO). On an annual basis it reviews, approves and delegates to the ALCO the limits applicable for managing the aforementioned risks. The Treasury and Capital Markets Division implements the decisions taken by the ALCO with regard to the Bank's corporate positions.

The Board of Directors also sets the operating limits applicable to the Treasury and Capital Markets division for dealing on the Bank's own account in the financial markets on an annual basis, in order to take advantage of any business opportunities that may arise.

The Balance Sheet Management unit, which is part of the Capital Markets Directorate, has the function of measuring and managing the institution's structural risks.

The Market Risk unit, which is part of the Risk Directorate, has the independent function of monitoring and controlling the Institution's structural and market risks.

Structural risks

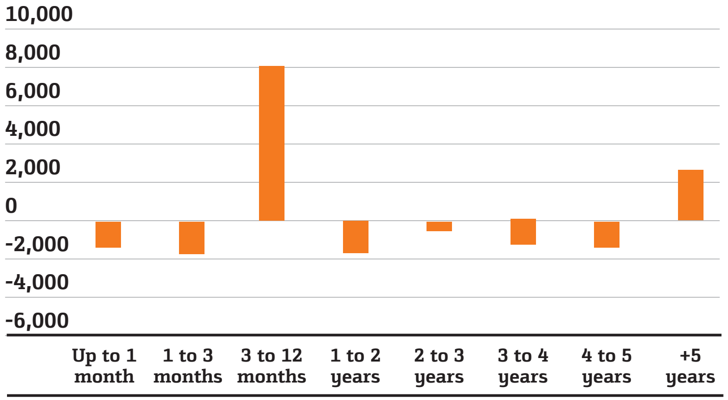
The following paragraphs describe the models generally applied by the Bank for managing, measuring and controlling structural interest rate and liquidity risks:

Interest rate structural risk

Structural interest rate risk is defined as the Bank's exposure to variations in market interest rates resulting from maturity and re-pricing gaps in the balance sheet asset and liability items.

Bankinter performs active management of this risk in order to protect the interest margin and to preserve the economic value of the Bank against interest rate fluctuations.

The situation of the interest rate risk map of the Bankinter Group as at the end of 2013 was as follows:



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

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

The exposure of the financial margin to interest rate risk in the event of changes of +/- 100 bp parallel movements in market interest rates is approximately +6 / -5.5% for a 12-month horizon.

At 2013 year-end the sensitivity of economic value to parallel shifts of 200 basis points stood at 3% of equity.

Liquidity risk

The structural liquidity risk is related to the institution's capacity to fulfil its payment obligations and finance its investments. The Bank actively monitors the liquidity situation and its projection as well as actions to be taken both in normal market conditions and in exceptional situations arising from internal causes or market trends.

The measures used to control the liquidity risk include the monitoring of the evolution in the commercial and liquidity gaps and forward-looking analysis of the specific situation of the balances of trade operations, wholesale maturities, interbank assets and liabilities and other sources of financing.

These analyses are carried out under normal market conditions or simulating different liquidity need scenarios that could come about as a result of different trading conditions or changes in market conditions.

Market Risk

The Board of Directors delegates proprietary trading in the financial markets to Treasury and Capital Markets, which acts through its Trading Area with a view to taking advantage of trading opportunities that arise, using the most appropriate financial instruments at any given time, including interest rate, exchange rate and equity derivatives. The financial instruments with which trading is undertaken must, in general, be sufficiently liquid and be associated with hedging instruments. The risk that may derive from the management of the institution's own accounts is associated with movements in interest rates, stock market prices, exchange rates, volatility and credit spreads.

Every year Bankinter's Board of Directors approves limits and internal measurement procedures for the risk on each of the products and markets in which the Trading Area operates.

Market Risk, which reports to the Risks Directorate, has the independent function of measuring, tracking and controlling the Bank's market risk and the limits delegated by the Board.

It uses the VaR historical simulation calculation with a confidence level of 95% and a time horizon of one day. These limits, approved by the Board towards the end of 2012, were not exceeded, and the use of risk was kept well within them. The Board and the ALCO are regularly informed of the levels of utilisation of these limits by means of specific reports.

Specific limits are also established by credit and counterparty risk, as well as approved markets. Other limits are established for maximum positions or possible adverse results of stress tests.

2013 saw a reduction in spreads on public debt of the so-called peripheral countries relative to Germany. This shift took place mainly in the last few months of the year, and was accompanied by a sharp upturn in the stock markets in which Bankinter habitually operates and by a fall in volatility compared with 2012.

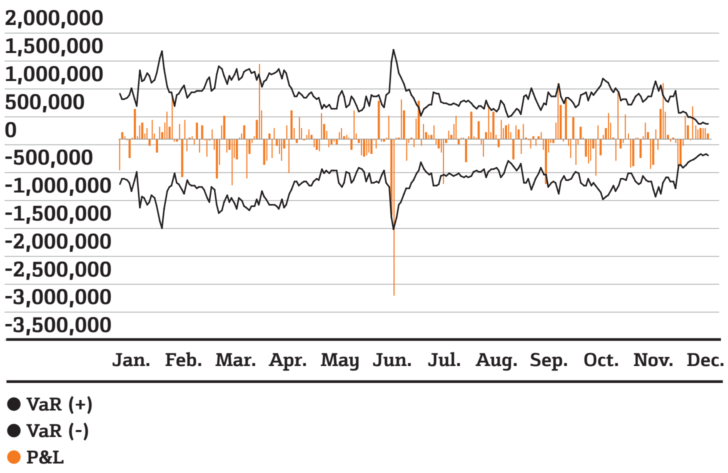
In view of the instability seen in the past few years, Bankinter maintained its VaR limits of the previous year.

The calculation of VaR was strengthened by expanding the stress tests to include specific scenarios based on likely expectations in the financial markets. We also endeavour to simulate the most adverse circumstances for the positions taken in trading operations.

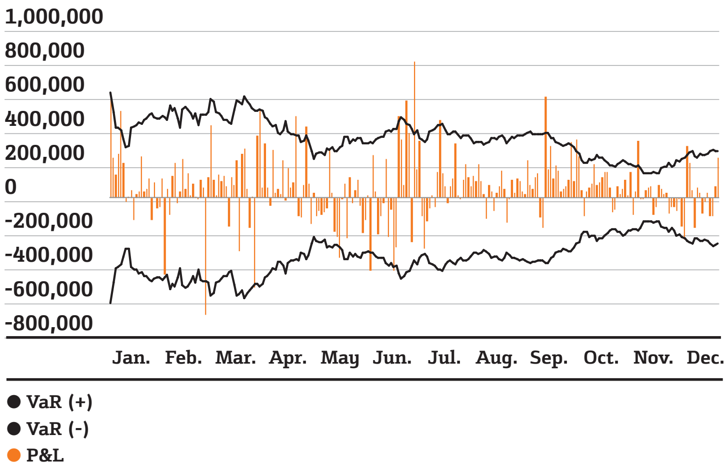
Together with all these calculations, there is also a daily calculation of conditional VaR, which provides a better insight into the risks assumed in trading operations.

The risk measurement models used are periodically subjected to back-testing calculations to assess their calibration. The results of these tests were satisfactory. These graphs show the validity of the VaR model analysed by means of back-testing on the main trading activities.

Trading 1 (euros)



Trading 2 (euros)



Value-at-Risk (VaR).

The following table shows VaR values of the trading positions at year-end 2013:

VaR 2013 Trading

€ millions	Final
Interest Rate VaR	0.39
Equities VaR	0.10
Exchange Rate VaR	0.07
Volatility Rate VaR	0.07
Credit VaR	0.00
Total VaR	**0.38**

Confidence level 95%, time horizon of 1 day

Apart from this, Bankinter also monitors the VaR of the portfolio positions of its subsidiary Línea Directa Aseguradora, on a monthly basis, using the historical simulation method. The VaR of Línea Directa Aseguradora's portfolio, based on the same assumptions, as at 31 December 2013, amounted to €3.15 million.

Stress Testing

Stress testing, or the analysis of extreme scenarios, is a supplementary test to VaR. Stress Testing estimates quantify the potential loss in portfolio value from extreme changes in the risk factors to which it is exposed. The scenarios used in stress tests are obtained from an analysis of the behaviour of these risk factors in historical situations, simulating the impact that such scenarios of extreme changes in interest rates, stock markets, exchange rates, credit and other significant changes in volatility could have on the current portfolio. Changes recorded in relevant historical crises are also simulated. Additional scenarios derived from the recent market situation resulting from the debt crisis were also carried out in 2013.

The following table shows the 2013 year-end stress test estimates for the Bank's trading positions, prepared using the scenario of the most extreme variations in the various risk variables.

Stress Testing 2013

€ millions	Final
Interest Rate Stress	4.41
Equities Stress	0.08
Exchange Rate Stress	0.13
Volatility Stress	3.48
Credit Stress	0.00
Total Stress	**8.10**

Applying the same scenarios to the positions of the portfolio of Línea Directa Aseguradora at the end of 2013, the stress amounted to €37.2 million.

The basic objective is to identify and mitigate the major operational risks, seeking to minimise any losses associated with them.

Operational Risk

Operational Risk is defined as: "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk". In general, risk to be found in processes and that is generated internally by persons and systems, or as a consequence of external agents, such as natural catastrophes.

Bankinter's operational risk management model is based on the guidelines of the Basel II Capital Framework, complies with Banco de España Circular 3/2008 on the determination and control of Equity and incorporates the best practices in the sector, which are shared in the CERO (Spanish Operational Risk Consortium) and CECON (Spanish Business Continuity Consortium) groups, of which Bankinter is an active member.

Basic governing principles

With a view to achieving an adequate system for managing Operational Risk, Bankinter has laid down the following basic governing principles:

- The basic aim is the preventive identification and mitigation of major operational risks, seeking to minimise the possible losses associated with them.
- Systematic procedures are established for assessing, analysing, measuring and reporting risks and generating appropriate action plans to control them.
- In terms of exploring the Bank's activities to draw up an inventory of operational risks, the unit selected for analysis is the business unit. Once the business units' risks have been analysed, the Bank's total risks are obtained by aggregating and consolidating them.
- From the possible calculation systems for capital associated with Operational Risk in the framework of the Basel Accord, Bankinter has opted to apply the Standard Method. This method is reserved to institutions with efficient and systematic operational risk management

Operational Risk Management Framework

The Bankinter Management Framework for Operational Risk is based on the following main elements:

- Identification and evaluation of risks by developing maps showing the severity level of the risk, evaluating the suitability of existing control mechanisms and showing action plans for mitigating these risks.
- Recording of loss events arising, with the associated management information, sorted and classified in accordance with Basel recommendations.
- Monitoring risk by establishing a panel of indicators to provide information on the evolution of existing operational risk levels and alerts on the appearance of undesired trends.
- Drawing up Continuity and Contingency Plans describing the alternative procedures to normal operations aimed at restoring critical services in the event of unforeseen interruptions.
- Generating and disseminating management information suited to the needs of each governing body with responsibilities for managing Operational Risk.

Structure of Governance

Bankinter applies a decentralised model in which final responsibility for managing operational risk rests with the business and support units.

For governance purposes, the following control bodies and general lines of responsibility have been established:

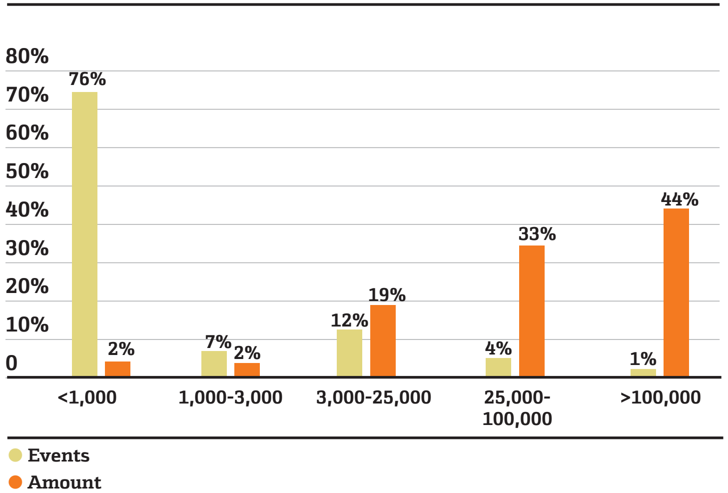
Board of Directors: Approves the policies and the management framework; establishes the level of risk that Bankinter is willing to take on.

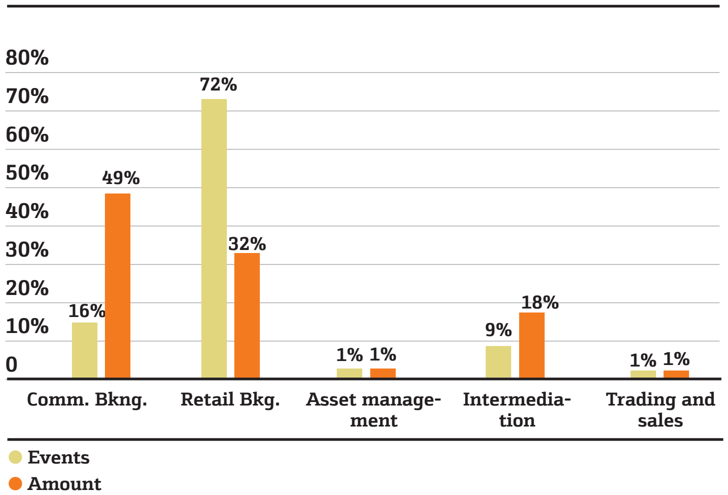
Operational, Reputational and New Product Risk Committee: An executive governing body on which the Senior Management is represented and which undertakes the following main roles in managing Operational Risk:
- Promoting the implementation of active risk management policies.
- Tracking significant Operational Risks and progress on plans for mitigating them.
- Ensuring that the protocol for evaluating risks associated with new product launches is applied.

Operational Risk: Reporting to the Risks Directorate, the Operational Risk unit has the following main functions:
- Promoting management of operational risks in the various divisions, encouraging risk identification, allocation of responsibility, keeping of written records of controls, generation of indicators, drawing up of mitigation plans, regular review and action to be taken in the event of new significant losses or risks.
- Equipping areas and units with the methodologies, tools and procedures that are necessary for managing their operational risks.
- Promoting the construction of contingency and business continuity plans that are appropriate and proportionate to the size and activity of the institution in the units that so require.
- Ensuring that operational losses occurring in the institution are recorded correctly and in full.
- Providing the organisation with a uniform view of its exposure to operational risk, in which the existing operational risks are identified, integrated and evaluated.
- Providing information on operational risk to be forwarded to regulators, supervisors and external bodies.

Business Units: With the following functions:
- Management of operational risk in the unit and specifically, identification, evaluation, control, monitoring, analysis and mitigation of the operational risk on which it has the ability to act.
- Recording and communication of operational losses produced in the course of their activity.
- Studying, defining, prioritising and financing the operational risk mitigation plans which it is responsible for running.
- Maintaining and testing the business continuity plans supported by the unit.

As regards databases of loss events, the Bankinter operational risk profile is represented in the following graphs:





Insurance in managing operational risk

Bankinter uses insurance as a key element in managing certain operational risks, thus complementing the mitigation of those risks that by their nature may so require.

To this end, the Insurance Area, together with the various areas in Bankinter, taking into account both the operational risk assessments and the record of losses, assess the advisability of altering the coverage perimeter of the insurance policies for the Bank's various operational risks.

Examples are insurance policies taken out with various companies of recognised solvency for contingencies affecting the Bank's premises (earthquake, fire, etc.), internal or external fraud (theft, embezzlement, etc.), employees' civil liability, etc.

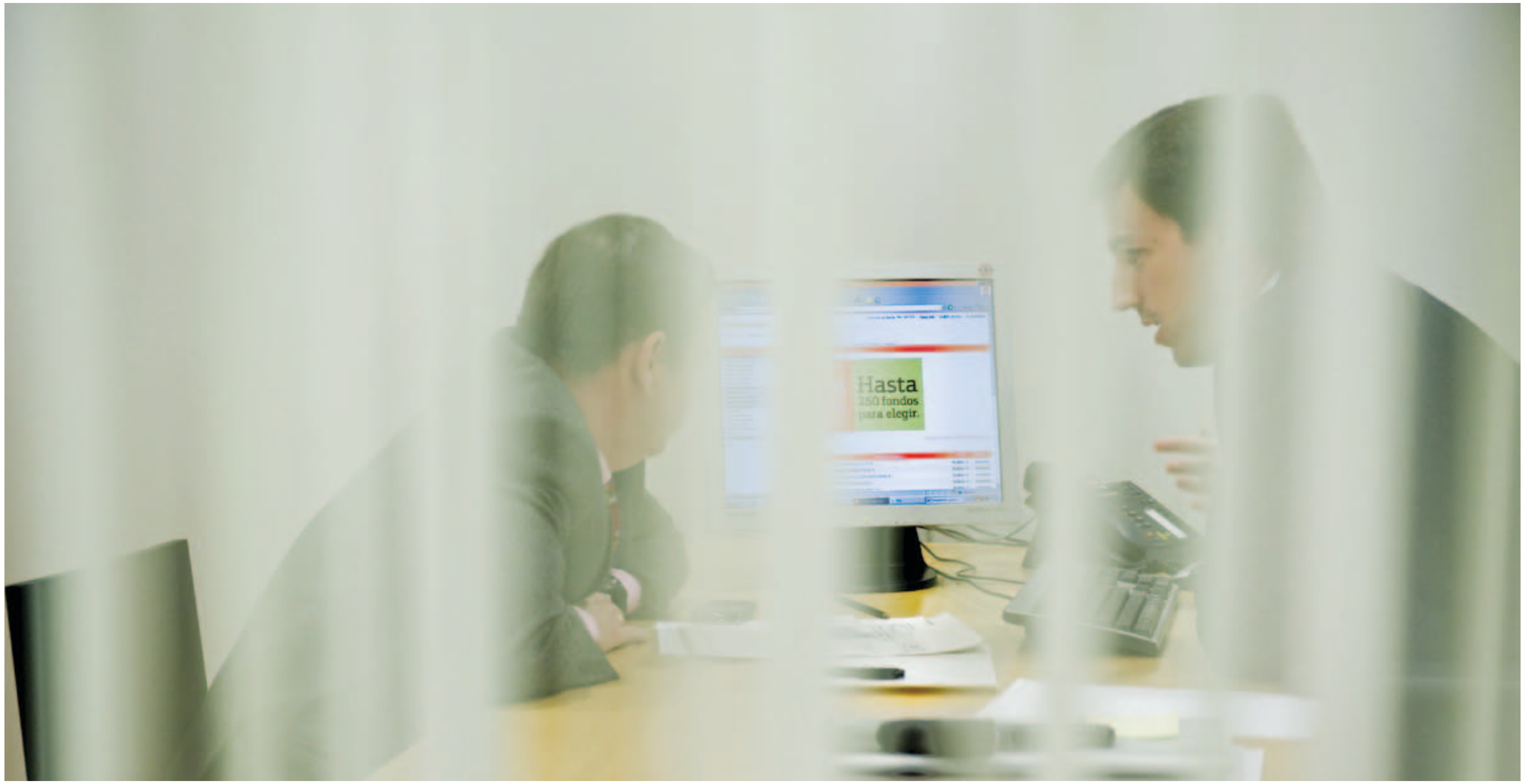
equity and Bankinter shares

Equity and rating

The Bankinter Group has an efficient equity structure, with the creation of long-term value for shareholders being one of the Bank's strategic priorities. Its prudent risk profile and clean credit portfolio have enabled it to operate with levels of capital in excess of those required by the supervisors.

In the past few years both the regulators and the markets have significantly increased their capital requirements, and the Bank has adapted swiftly to the new situation, consistently increasing its capital ratios and the quality of its capital every year, without having to resort to government assistance, and thus positioning itself among the best capitalised institutions in the sector.

The Group's total equity at the end of 2013 stood at €3.22 billion as per currently applicable solvency rules, and its solvency ratio was 14.1%. Total equity considered as Tier I amounted to €2.94 billion (Tier I ratio 12.9%), while Tier II stood at €279 million (Tier II ratio 1.2%). Core Tier I capital as defined by Banco de España Circular 7/2012, which is based on European Banking Authority (EBA) criteria, amounted to €2.87 billion, with a Core Tier 1 ratio of 12.6%, which is 3.6 percentage points above the minimum ratio of 9%.



€000s	31/12/2013	31/12/2012	€000s	%
Capital and Reserves	3,300,372	2,993,977	306,394	10.2%
Other equity instruments	12,608	72,633	-60,025	-82.6%
Capital in the form of a financial liability	60,844	60,844	0	0.0%
Treasury shares	-511	-226	-285	126.3%
Intangible and other assets	-267,772	-283,117	15,345	-5.4%
Other deductions	-165,200	-103,731	-61,469	59.3%
Tier 1	**2,940,341**	**2,740,381**	**199,960**	**7.3%**
Revaluation reserve	0	94,308	-94,308	-100.0%
Subordinated financing	443,524	568,686	-125,162	-22.0%
Other deductions	-164,467	-96,701	-67,766	70.1%
Tier 2	**279,057**	**566,293**	**-287,236**	**-50.7%**
Total Equity	**3,219,398**	**3,306,674**	**-87,276**	**-2.6%**
Risk-weighted assets	**22,777,831**	**25,508,613**	**-2,730,782**	**-10.7%**
Tier 1 (%)	**12.9%**	**10.7%**	**2.2%**	**20.2%**
Tier 2 (%)	**1.2%**	**2.2%**	**-1.0%**	**-44.8%**
Capital ratio (%)	**14.1%**	**13.0%**	**1.2%**	**9.0%**
Surplus capital	**1,397,172**	**1,265,985**	**131,186**	**10.36%**
Core Tier 1 in accordance with EBA criteria	**2,866,889**	**2,606,904**	**259,985**	**9.97%**
Core Tier I ratio in accordance with EBA criteria	**12.6%**	**10.2%**	**2.4%**	**23.2%**

During 2013 Bankinter carried out the following transactions to strengthen its capital:

In April 2013 the Bank's Board of Directors resolved to put into effect a capital increase in the form of a bonus issue charged entirely to the asset revaluation reserve, which had been approved by the General Meeting of Shareholders on 21 March 2013. This bonus issue led to an increase of €94 million in Core Tier 1 Capital.

With regard to the 2011 issue of Mandatorily Convertible Subordinated Bonds, in both May and November of 2013 voluntary conversion periods were established. As a result of these two conversion windows, Core Tier 1 Capital increased by €60 million.

Against the backdrop of the financial crisis in the euro zone, in the past few years the credit rating agencies have made unprecedented cuts to Spain's sovereign debt rating and economic outlook, which have translated into rating downgrades for all financial institutions. In 2013 we started to discern a change in trend, and Standard & Poor's rating agency twice raised its outlook on Bankinter, first in July from negative to stable, and again in December from stable to positive. The agency based these decisions on Bankinter's ability to generate recurring revenue despite the adverse situation in Spain, the quality of the Bank's assets compared with those of the sector as a whole and the efforts made by the Bank to strengthen its levels of capital.

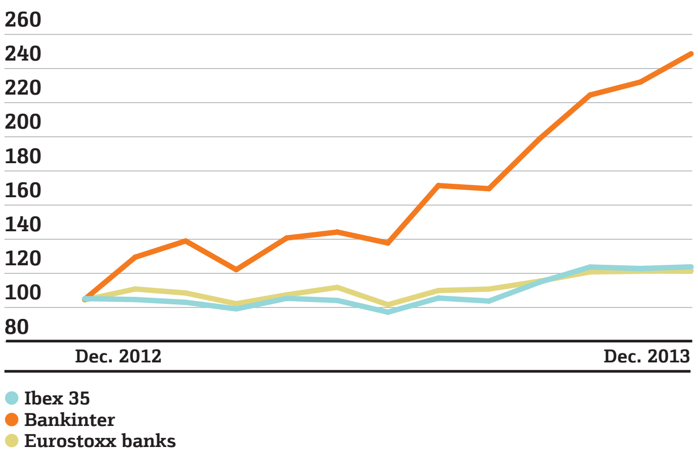
Ratings	Long-term	Short-term	Outlook
Standard & Poor's	BB	B	Positive
Moody's	Ba1	NP	Negative
DBRS	A (low)	R-1 (low)	Negative

Bankinter shares

During 2013 the share price evolved very positively, both at Spanish level and compared with the sector Europe-wide. The cumulative increase in the share price in 2013 was 147.1%, which, when the returns from the dividend distributed up to the date of publication of this report are taken into account, represents a return of 152%.

The graph shows the performance of Bankinter shares during 2013: up by 147%, compared with 21% for the Ibex 35 and 19% for the EuroStoxx Banks SX7P.

Bankinter shares in 2013 (%)



	Ibex 35	Bankinter	EuroStoxx Banks
Jan 2013	102.39%	127.39%	108.54%
Feb 2013	100.77%	136.94%	106.23%
Mar 2013	96.97%	120.06%	100.01%
Apr 2013	103.08%	138.71%	105.18%
May 2013	101.87%	142.18%	109.49%
Jun 2013	95.04%	135.74%	99.46%
July 2013	103.26%	169.53%	107.66%
Aug. 2013	101.51%	167.69%	108.49%
Sep 2013	112.47%	197.02%	113.06%
Oct 2013	121.31%	222.78%	118.44%
Nov. 2013	120.45%	230.46%	118.83%
Dec 2013	121.42%	247.06%	119.01%

Revaluation (%)

+147.1

in the last 12 months

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

Figures per share for the period (euros)	
Earnings per share	0.28
Dividend per share	0.06
Theoretical book value per share	3.80
Share price at start of year	3.14
Lowest price	2.314
Highest price	5.035
Latest price	4.987
Revaluation over the last 12 months (%)	+147.06

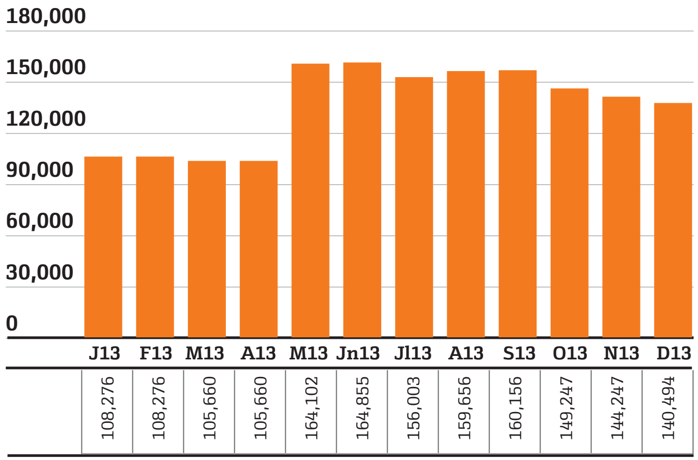
The distribution of dividends for the financial year 2013 as at the date of publication of this report is as follows:

Date	Dividend per share (euros)	Number of shares	Treasury stock (own shares)	Shares with rights	Amount (€000s)	Results for the year
July 2013	0.0184252	877,175,614	72,548	877,103,066	16,161	2013
Oct 2013	0.0188483	877,175,614	143,777	877,031,837	16,531	2013
Jan 2014	0.0222344	895,583,800	102,459	895,481,341	19,910	2013
Total	**0.0595079**				**52,602**	

ADRs (American Depositary Receipts)

ADRs (American Depositary Receipts) are a type of product enabling US residents to invest in foreign companies by means of a certificate of deposit (ADR) and to receive dividend payments in the manner most convenient to them. Bankinter's ADR programme is administered by the Bank of New York Mellon. At the end of December 2013 there were a total of 140,000 ADRs in circulation.

Change in number of Bankinter ADRs



Share capital and treasury stock

The share capital of Bankinter S.A. was represented, as at 31 December 2013, by 895,583,800 shares, each with a nominal value of €0.30 fully subscribed and paid up.

All the shares are represented by book entries, listed on the Madrid and Barcelona stock exchanges and traded on the Spanish computerised trading system.

Stock market ratios	2013	2012
Theoretical price / book value (times)	1.31	0.55
PER (price / earnings, times)	20.74	14.24
Number of shareholders	70,963	76,541
Number of shares	895,583,800	563,806,141
Number of shares held by non-residents	330,607,998	171,424,399
Average daily trading (number of shares)	5,165,981	2,440,388
Average daily trading (€000s)	19,527	8,404

Bankinter has 70,963 shareholders. The main features of the shareholder structure are as follows:

— Resident shareholders hold 63.1% of the share capital.
— Non-residents hold 36.9% of the share capital.
— Treasury stock at year-end consisted of 102,541 shares.
— Shareholders of record holding more than 5% of the share capital at 2013 year end are shown in the following table:

Shareholders with significant holdings

Name	Total Shares	%
Cartival, S.A.	204,681,888	22.85
Corporación Masaveu, S.A.	44,760,251	4.99

Summary by type of shareholder

	Number of Shareholders	%	Number of Shares	%
Residents	70,220	98.95	564,975,802	63.08
Non-residents	743	1.05	330,607,998	36.92
Total	**70,963**		**895,583,800**	

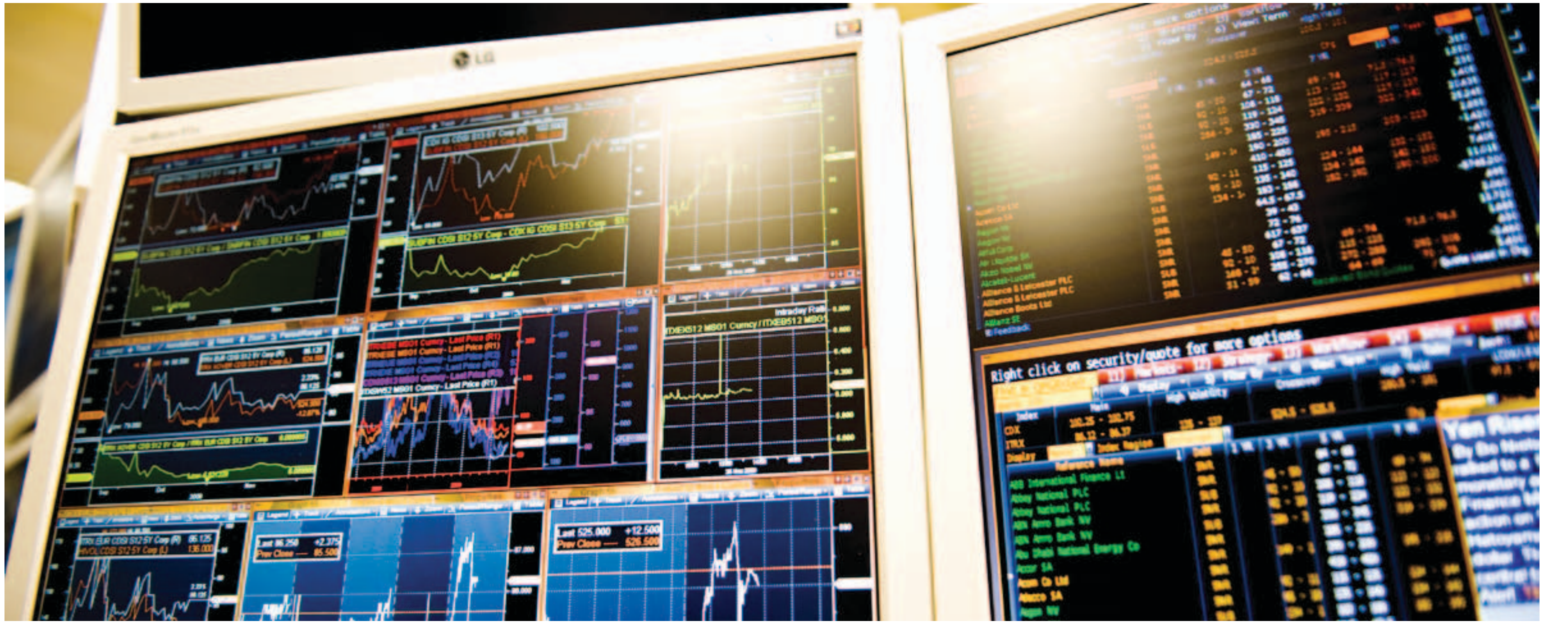
Share ownership structure by number of shares

Brackets	No. of Shareholders	%	Number of Shares	%
From 1 to 100 shares	22,933	32.32	279,024	0.03
From 101 to 1,000 shares	19,264	27.15	9,437,443	1.05
From 1,001 to 10,000 shares	23,285	32.81	79,456,090	8.87
From 10,001 to 100,000 shares	5,132	7.23	124,272,981	13.88
More than 100,000 shares	349	0.49	682,138,262	76.17
Total	**70,963**		**895,583,800**	

At the end of 2013, the Bankinter Group held 102,541 treasury shares, compared to 76,316 shares in 2012

Changes in treasury stock 2013 (%)

	2013	2012	2011	2010	2009
January	0.06	0.04	0.01	0.01	0.84
February	0.06	0.13	0.01	0.01	0.84
March	0.21	0.11	0.01	0.01	0.64
April	0.30	0.12	0.02	0.01	0.92
May	0.01	0.28	0.09	0.02	0.14
June	0.02	0.13	0.06	0.02	0.06
July	0.01	0.72	0.02	0.01	0.01
August	0.03	0.42	0.06	0.01	0.01
September	0.02	0.17	0.01	0.01	0.01
October	0.01	0.10	0.01	0.01	0.01
November	0.01	0.16	0.01	0.03	0.01
December	0.01	0.01	0.03	0.09	0.02




other
other business

Bankinter Asset Management

Assets of investment funds managed

+67.3%

This past year brought a turning point in the investment fund industry, not just for Bankinter, but for the whole market, both domestic and international.

Total assets of the investment funds managed by Bankinter Gestión de Activos at the end of 2013 stood at nearly €6 billion, representing an increase of 67.3% relative to the end of 2012.

This excellent result was due to a number of factors. On the one hand, the positive trend in profitability of the majority of the funds managed by Bankinter, especially those investing in Spanish and other European assets, both equities and fixed income. This placed them among the best of the various categories: monetary, mixed, fixed income, equities and alternative investment.

Another success factor was the Bank's focus on investment funds as one of the products with the most added value for customers.

Lastly, a further decisive factor influencing this substantial growth in assets under management was the fall in returns on bank deposits, which led savers to seek alternatives. Investment funds were among the main beneficiaries of this move, due to their good fit with customer risk profiles and the possibilities they offer for diversifying both geographically and by type of asset.

Thanks to all these factors, Bankinter Gestión de Activos was the asset manager with the highest relative growth in 2013. Of this annual growth amounting to €2.45 billion, 89.2% was due to net inflows of money and the remaining 10.8% to the market effect.

As well as its own funds, Bankinter also sells the funds of 60 international asset managers to round out its own range of funds in terms of both geographical diversification and asset classes.

Towards the end of 2013 we launched the first 'target return' fixed income fund, this being one of the categories posting the highest growth in the rest of the Spanish market.

In 2013 these funds increased their assets by €522 million, representing net growth of 36.1%.

Overall, taking into account both the funds managed by Bankinter and those managed by other managers, total assets of funds sold by Bankinter amounted to €7.97 billion at the end of 2013, representing an increase of 58.4% compared with the end of 2012 (€5.03 billion). This growth is substantially higher than that of its competitors.

During 2013 Bankinter launched a total of 13 guaranteed funds: six equity funds and seven fixed income funds, this latter category being the one that attracted greater interest among more conservative investors. The guaranteed funds category represented 19.2% of total assets sold by Bankinter in 2013. Also, in the latter part of the year, we launched the first 'target return' fixed income fund, this being one of the categories posting the highest growth in the rest of the Spanish market.

Bankinter Gestión de Activos has continued to adapt its current fund offering to its customers' needs.

As far as profitability is concerned, the asset manager succeeded in placing several of its funds among the best of the year, in the equities, fixed income, mixed and even alternative investment categories.

As an example, the Bankinter Bolsa España fund, a Spanish equities fund investing mainly in Ibex stocks, obtained a positive annual return of 30.7%. In European equities, the Bankinter Renta Variable Euro and Bankinter Pequeñas Compañías (small companies) funds posted positive results of 34.2% and 36.7% respectively.

Fixed income funds also performed well, in both the long-term category, where Bankinter Renta Fija Largo Plazo ended the year with exceptional returns of 8.6%, and the short-term one, in which the Bankinter Renta Fija Corto Plazo fund posted an annual return of 5.2%.

As regards absolute return funds, with low volatility, the star performer was Bankinter Renta Dinámica, which obtained a return of 10.1% for the year.

Equities

Bankinter offers a wide range of products and services enabling customers to operate on the stock market, notably including spot trading on the national stock market floor and in the main international markets, as well as investment in derivatives (warrants and futures). We also offer them the possibility of operating on credit, making the most of opportunities in both bull and bear markets, or investing in a broad range of ETFs, exchange traded funds which enable investors to combine the agility of a stock market investment with the possibility of diversification offered by investment funds. Investors also have access to various tools for enhancing their risk management: stop, dynamic, referenced and linked orders, with conditions and restrictions, etc. With these services, Bankinter continues to lead the way in value propositions to retail investors operating on the stock exchange.

Over the course of 2013 improvements were made both to the product offering and to the tools that the Bank places at its customers' disposal to facilitate access to the equity markets. Salient actions included:

- In **Broker Bankinter** we introduced new features in the functionality for buying on credit, and expanded the offering of futures, particularly on commodities, enabling businesses with commodity-based costs to control business risks.
- Launch of a **new fixed income section**, with facilities for checking and operating in debt issues, both public and private, domestic and foreign.
- Development of **Broker Plus**, which provides specialised service with the speed appropriate to professional environments, and which includes operating with futures.
- Implementation of **Bankinter Mercados**, a new app for tablets giving easy, quick access to information and advice from the Bank.

Advisory services have taken on a leading role in the offering, with a large variety of reports and recommendations to help customers improve their investment decision-making. In this regard we also intensified the Bank's presence in working sessions, colloquiums and courses for customers, which were attended by a total of 3,267 people.

This past year was a turning point in retail customers' attitude to investment, as they once again started to see the stock exchange as an attractive option. This renewed interest in equities was reflected in a notable increase in activity, as can be seen hereunder.

At the end of 2013, one in every five of Bankinter's customers had at least one securities account with the Bank, and the total volume in custody amounted to €9.34 billion in nominal value. The cash value in custody stood at €22.33 billion, representing an increase of 25.3% compared with the year before. The cash value of volumes traded by customers grew by 29.3%, while the number of orders increased by 19.6%. As a result of all these factors, the gross margin obtained in the area grew by 7%.

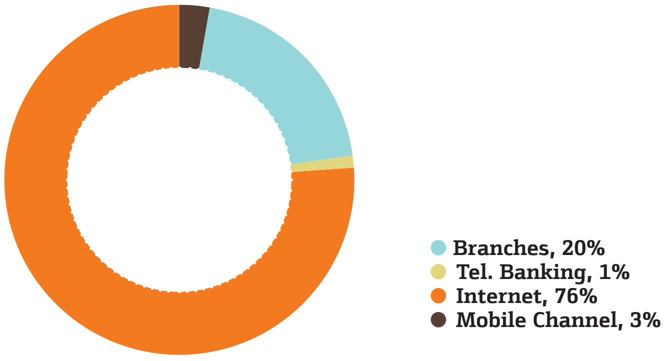
The possibility of operating via different channels is a key factor in this business, and one of the distinctive advantages of the Bank's value proposition. Thus 76% of equities transactions were carried out by Internet, 20% in the branch offices, 3% by mobile phone and 1% via Telephone Banking.

As regards service quality perceived by customers, 'speed of broker transactions' stood out, with a score of 81.6 points on the Net Satisfaction Index (NSI). Scores for 'platform availability' (81.1 NSI points), 'recommend broker' (79.2 NSI points) and 'broker usability' (77.8 NSI points) were also outstanding.

Cash value traded

+29.3%

Multi-channel approach in Equity transactions (%)



Obsidiana

Average customer lending

+7%

compared with 2012

Bankinter Consumer Finance is consolidating its position in the consumer finance sector, its main play being on the distribution of revolving cards through its strategic alliances, prominent among which is that entered into in 2013 with BP. Its main mission is to meet customers' financing requirements by providing them with flexible means of payment for managing their day-to-day finances.

During 2013 we continued to invest in marketing in order to drive the growth of the business, pursuing a risk management policy focused on the risk/return trade-off and adjusting the price of each offer in line with the customer profile so as to ensure its profitability.

As a result, this past year Bankinter Consumer Finance saw its customer base grow by 4% compared with 2012, reaching a total of 471,106 cards issued at year-end.

Average customer lending in 2013 was €347 million, representing an increase of 7% on 2012, which had been 1% down on 2011. In line with this, the gross margin also grew by 7%, reaching €63 million. The cost of NPLs was held well under control.

In short, 2013 was very positive, with Bankinter Consumer Finance contributing solid profits to the Group.

Línea Directa Aseguradora

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 companies without intermediation. Moreover, it holds fifth place in the national ranking of motor insurers by volume of premiums written, with turnover reaching €642.5 million in 2013. As such it is the company that has maintained the highest growth rate in the sector, consolidating its position as a benchmark for quality, profitability and job creation, with a workforce of 1955 professionals and a portfolio of policies that reached 2,095,000 at year-end. Furthermore, in 2013 it scored 80.13 points on the NSI, one of the highest scores in the sector.

Línea Directa operates in the Motor and Home branches, using the telephone and the Internet as the only distribution channels for its products, which enables 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, giving it great operating flexibility in these difficult economic times.

A benchmark for reputation

For the second year in a row Línea Directa was included in the MERCO ('Corporate Reputation Monitor') ranking as one of the 100 Spanish companies with the best reputations, placing fifth among insurers, thanks among other things to its excellent financial results, its responsible practices and its well-aimed strategy of communication and relations with its stakeholder groups.

Also, in recognition of its work/life balance measures and its equal opportunities, integration and training programmes, Línea Directa is considered by MERCO as one of the best companies to work for in Spain, coming 48th in the overall MERCO Personas 2013 ranking and tenth among companies in its category.

During this past year we also pushed ahead with a brand repositioning policy based on an advertising campaign starring Matías Prats, a well-known news presenter, which as well as the price tactics also stressed the quality of the company's services. The initiative, which was well received in the market, was rounded off with 'The Search', a simple, direct campaign offering significant discounts to drivers with a clean driving licence, the first time the value of road safety has been linked to a specific commercial offer.

The company also had an in-depth field research project carried out by Reputation Institute which, using the RepTrak model, examined brand perception among different stakeholder groups.

Two million success stories

In 2013 Línea Directa comfortably surpassed the two million mark in the number of customers, with a net increase of more than 120,000 policies in the portfolio, a remarkable figure in view of the current economic situation. There were essentially two reasons for this growth: the multi-brand policy pursued by the company, which enabled it to develop highly flexible products designed for each type of customer, such as Nuez (low-cost online) and Penélope Seguros (specially for and by women), and the performance of the Home business line, which consolidated its position as a strategic value for the Group, bringing with it diversification, profitability and new business opportunities. In fact, after just six years, and despite the general stagnation of the property market, Línea Directa's Home business line has become one of the 20 biggest in the branch, with nearly 280,000 policies.

Solvency
Línea Directa
+8.5%
compared with 2012

The value of solvency

One of Línea Directa Aseguradora's strengths is its solvency, which in 2013 increased by 8.5% to €420 million, making it one of Spain's best capitalised insurers, with a solvency margin that is 385.5% more than the minimum legal requirement.

This puts the company in a favourable position to face Solvency II, the grand European project for legislative harmonisation in the field of insurance, the main purpose of which is to improve control, measurement and supervision of the risks to which insurance companies are exposed.

Responsibility and commitment

2013 was the last year of validity of Línea Directa's Master CSR Plan 2011-2013, approved by the company's Corporate Responsibility Committee. The plan is now being thoroughly updated by Forética, Spain's leading CSR association, for use as the basis of the 2014-2016 CSR Plan. It is based on values such as road safety, equal opportunities, transparency, integrity, personal development and respect for the environment, which form the foundations of Línea Directa's corporate culture.

The plan is structured in four distinct spheres of action: Home, Highway, Climate and Corporate. In the 'Highway' sphere, Línea Directa held the tenth anniversary edition of its Road Safety Awards for Journalists, which seeks to encourage the publication of news about road safety. The ceremony, held in Madrid's Teatro Real, was presided over by María Seguí, Director General for Traffic, with Spanish racing driver María de Villota as guest of honour.

The company also produced three important reports, which received wide coverage in the media: 'Car Theft in Spain', 'Myths and misconceptions about the breathalyser' and the 'Second Línea Directa Report on fraud in motor insurance'.

In the 'Home' sphere of action, Línea Directa conducted two more important studies on accident rates in secondary residences and burglaries in Spanish homes. In the 'Climate' sphere of action, for the first time in its history Línea Directa calculated its carbon footprint, laying the groundwork for a subsequent phase of of reduction and offsetting of emissions.

Lastly, in the 'Corporate' sphere of action, we continued to develop numerous initiatives, all of which had people as their common denominator, and which included various actions relating to volunteer work, equal opportunities, training and work/life balance, a field in which this past year the company received the important National Award of the Alares Foundation in the Large Company category.

Gneis

Gneis Global Services, established in October 2010, continued its process of consolidation throughout the year as the Bankinter Group's services and technology company. During the year it increased the provision of solutions both to the various companies forming the Group and to other companies in various sectors.

Transformation into a service company

Continuing with the drive to transform itself into a service company, during this past year Gneis consolidated its organisational structure, based on areas of action that enable it to evolve as a company and on areas of service that help to improve the quality of the service provided, while at the same time reducing its operating costs.

In this way, full use is made of its in-depth knowledge of the financial sector, its technology and its integrated view of business processes, providing added value which maximises the value created for the Group's shareholders.

Creation of new products and business lines

Taking advantage of the innovative products and services developed for Bankinter, Gneis is increasing the number of its own solutions that it sells, these being mainly grouped into the following lines:

– Digital security.
– Multi-channel systems.
– Data intelligence.
– Operating efficiency.

As examples of these products and services, we would highlight:

– **StoneCloud**, a virtual safe deposit box, a personalised document management service in the cloud, with the security and support of Bankinter. The first product developed by Gneis for a mass public.
– **Digital biometric signature**, a revolutionary new way of selling and signing up for products, consisting in collecting and keeping, in documents signed on tablets, the customer's signature and other biometric data such as the speed or pressure of signing, which gives it full legal validity.

New Gneis commercial website

This past year saw the completion of a project to redesign Gneis' Corporate Website, which is now much more sales-oriented, accessible from a variety of devices and with greater audiovisual support in the presentation of products and services, helping the company to spread knowledge of its business lines.

Contributing revenues to the Bankinter Group's profit and loss account

On the one hand, Gneis is consolidating its position as the Bankinter Group's shared services company, leading to substantial savings and a considerable increase in efficiency. An example of this is the integration now under way of the developments, infrastructure and processes carried out with Bankinter Luxembourg, in which good use is being made of all the existing knowledge and synergies.

On the other hand, Gneis is placing stress on its sales structure, with the aim of reaching a large number of customers to which it can offer innovative products in the field of banking software, as well as the company's competitive services.

Internationalisation of Gneis

Thanks to the sales efforts made, contacts established have given rise to customers in the financial sector in the Spanish market, in other European markets, in Russia and above all in some of the major Latin American banks.

Insurance

In 2013 we set up a special team for retaining Insurance.

During 2013 revenue from commissions received by Bankinter in its capacity as a Tied Bancassurance Operator amounted to €40.8 million, a very similar figure to that of the previous year. The fact that the level of these revenues was maintained in the economic situation faced in 2013 shows that the Insurance business is now well established in Bankinter.

The total amount of premiums handled by Bankinter for casualty insurance was €107.1 million, which, like the figure for commissions, was very similar to that of 2012.

Breaking it down by business lines, we see that the life insurance brokerage business continues to show significant growth in commissions, thanks to the business lines created during previous years, most notably Pension Funds.

Intermediation in non-life insurance continued in line with the trend started in previous years, focusing on products not linked to banking transactions but offering appropriate cover to customers in both their working and private lives. To this end we entered new branches in 2013: Group health insurance and funeral insurance, for which we expect to start selling new products during 2014.

Another notable step this past year was the setting up of a special team for retaining insurance. This team consists of a group of people who study each cancellation request individually and offer customers alternatives in order to avoid losing them.

Assets managed by Bankinter in Pension Funds and EPSVs (voluntary provident funds) increased to €1.65 billion during 2013, thanks to intense activity in capturing new funds (€125 million net) and the good work of the asset manager.

The Bank sells a total of 31 funds, of which 19 are individual pension funds, two are funds belonging to the employment system and one is a provident association to which ten provident funds belong. The offering expanded compared with 2012, with the addition of a new guaranteed fixed income fund.

The composition of the portfolio by asset class is very well balanced and has been repositioned in line with customers' investor profiles. 32% of the portfolio is in equities, 26% in short-term fixed income, 28% in guaranteed fixed income and the remaining 14% is invested in mixed funds and long-term fixed income securities.

Lastly, we would mention that 2014 will see the start of commercial activity of Bankinter Seguros Generales, which will become the main provider of non-life insurance for Bankinter.

Bankinter Luxembourg

Specially dedicated to strengthening the Bank's Private Banking strategy.

On 10 April 2013 Bankinter acquired all the shares of Van Lanschot Bankiers (Luxembourg), creating Bankinter Luxembourg, Bankinter's first wholly-owned subsidiary outside Spain.

Bankinter Luxembourg is an import addition to the offering for Group clients. Its particular mission is to strengthen the Bank's strategy in the Private Banking business. This strategy is based on promoting advisory, asset management and specialist services both in Spain and abroad.

With the acquisition of the Luxembourg subsidiary, the Group can compete in the international market, offering banking and investment services, with a competitive value proposition in quality and proximity. International Private Banking clients expect something more than just standard propositions. That is why Bankinter Luxembourg is focused on offering personalised products and services adapted to client profiles.

Luxembourg is a centre recognised worldwide for its innovation and offering of financial solutions adaptable to the needs of each client. Since mid-April 2013 customers have been able to make full use, in a transparent and tax-responsible way, of Bankinter Luxembourg's globalised, top-quality value proposition, which includes deposits, investment advice, asset management, credit facilities, etc.

The Luxembourg subsidiary is enabling the Group to capture new clients, mainly international ones. At the end of 2013, nearly 90% of customer funds deposited with Bankinter Luxembourg had come from other institutions.

We expect more developments in the subsidiary in 2014. Bankinter Luxembourg aims to grow both in number of clients and in assets under management. The main objective is to complete the subsidiary's integration into the Group and round off the value proposition for the structuring of large fortunes and asset management.

bankinter.

Banking in Luxembourg

Mercavalor

Una idea Bankinter

During 2013 Bankinter completed the acquisition of 100% of the securities company Mercavalor, a company established in 1989 in which Bankinter already had a 25.01% stake. To do so, the Bank bought the entire capital from the other shareholders: Banco Popular, which held 25.01%, Banco Cooperativo Español and Bankia, each of which held 24.99%.

With this transaction Bankinter now has its own securities company, which it had lacked hitherto, and has started to channel the Bank's brokerage business through it, this being an online investment service for domestic and international markets that Bankinter pioneered in Spain at the end of the 1990s. In the same context, in 2013 the Bank launched a new fixed income operating platform which, together with the existing equities platform, makes for a much more comprehensive value proposition to the customer in terms of intermediation.

The acquisition of Mercavalor is part of the Bank's growth strategy for the private banking segment and will serve to complement the offering of services in a more global format, better attuned to asset management and specialist advice to customers.

02

Innovation


innovation

Centre for Innovation

The Centre for Innovation was established in 2011 with the aim of accelerating the Bank's innovating process, bringing together and aligning the Bank's efforts with those of the Bankinter Foundation for Innovation and the technology and transactions company Gneis. During 2013 it continued its successful activity, launching and consolidating a number of different initiatives.

This centre makes use of numerous sources to identify new ideas. One of the most important sources is the workforce. Employees' contributions to innovation are coordinated and channelled by a dedicated tool on the Bank's Intranet. These contributions found expression in 128 different ideas over the course of 2013.

In collaboration with the areas involved, the Centre for Innovation also analyses certain problems or 'challenges' of interest, on which it works to find a solution from the perspective of innovation. With this methodology, during 2013 the following projects were embarked upon:

- How can investment be encouraged using self-service and personalisation? (in cooperation with the Analysis department).
- How can quality and sales be promoted using the multi-channel approach? (in cooperation with the Customer Experience area).

As a result of these challenges, two projects were started and developed during 2013 and will be completed in 2014.

COINC

One of this Centre's most important developments has been the new savings portal coinc.es, which in the course of the year confirmed its position in the Spanish banking panorama as one of the more notable innovation plays in online banking. COINC aims to stimulate its users' savings by establishing and monitoring specific savings targets. COINC remunerates these savings, but it also has agreements with other providers of services and products offering different benefits.

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 the portal's success.

COINC

31,000

new customers

COINC and the world of Internet 2.0

Users of COINC can share information on their targets with friends and relations through the social networks, accepting contributions to help them attain their objectives sooner. Groups of friends can also establish shared savings plans, setting a joint target, with each member contributing to one common end.

Some results

COINC has mainly attracted people who are active on the Internet, aged between 25 and 45, who have found in this portal a simple and fun way of saving. During 2013 COINC captured 31,000 new savers. Balances deposited reached €573 million.

International recognition

COINC has attracted international attention, and has been present at several top-level events, such as the 'Gamification World Congress' gamificationworldcongress.com. It also received the 'Financial World Innovation' award for the best financial innovation in customer proposition and product design, from IFS University College, London fwia.ifslearning.ac.uk/

Mobile payments

During 2013 Bankinter developed a world-pioneering solution that will allow its customers to pay in physical and online stores using their mobile phones. To do this, customers will simply have to download a Bankinter payment app from an app store (Google Play, Apple Store or Android Market), associate one of their credit or debit cards with it and start paying in stores. The solution is compatible with the contactless point-of-sale terminals that are becoming common in merchant outlets in Spain and other countries, irrespective of which Bank owns the terminal. The solution is currently available for the main smartphone models with NFC capability, and a full commercial launch is envisaged for 2014.

Other projects of interest

During 2013, with a view to developing and improving customers' knowledge of fixed income, we launched an initiative consisting of a video game that helps explain clearly the basics of fixed income investment. Called 'bonds training', this game was recognised at the 2013 'Fun & Serious Game Festival", winning the award for the best business strategy. funandseriousgamefestival.com/

technology and operations

Technology and Operations

The system for digital signing on tablets was successfully rolled out throughout the network for cash transactions, and a start was made on the roll-out of tablets for contracting banking products.

Evolution of technology

Over the years Bankinter has maintained a strategy of constantly developing its technological architecture, with the aim of ensuring that this variable, technology, continues to be one of the Bank's competitive advantages with which to face the challenges of the next few years successfully.

Progress made in 2013 included notably the work done towards implementing an advanced technological architecture (SOA - Service-Oriented Architecture) which will allow new functionalities to be added quickly and efficiently, and the renewal of the architecture for the online channels.

We should also highlight the effective introduction of new technologies, such as the digital biometric signature and facilities for handling 'big data'.

The system for digital signing on tablets was successfully rolled out throughout the network for cash transactions, and a start was made on the roll-out of tablets for contracting banking products. This system will make it possible to replace manual signing on paper with signing on touch-screens, with full legal validity, such that the entire banking operation will be digitised.

We also made good progress in adopting 'big data' technologies, mainly for preparing sales campaigns, using information which until now could not be processed, at appreciably lower computing costs than at present.

Modernisation of process design

From an operational point of view, a strong drive was made to re-engineer and automate banking processes, with the aim of achieving greater productivity, control and quality of transactions, and geared to supporting the business strategy. This re-engineering was carried out on such important processes as Assets, Guarantees and International Business.

Contribution to the Group's profit and loss account

The concentration in Gneis of technical and operational knowledge of the applications that support the business allowed the Technology and Operations areas to become sources of increasing savings and new revenues typical of the banking activity, which were duly reflected in the Group's results.

This organisational circumstance consolidates an environment favouring the contribution of innovative ideas and initiatives focused on continuous improvement, aligning the Organisation with the creation of value for shareholders and the permanent pursuit of excellence in customer service.

We made improvements to the procedures for updates and changes to services, always with the highest levels of security.

Renewal of the call centre system for all companies in the Group

In 2013 we developed a project called 'Comunycate', consisting in the design and implementation of a new call centre platform able to serve all Bankinter Group companies.

The new platform involves an update of the technologies used hitherto in the contact centre, resulting in a significant technological advance that enables service integration and efficiency to be improved, opening the door to the implementation of new functionalities that could not previously be supported or that required a much greater effort to implement.

Thanks to the platform's flexibility, we can now define contact centre services which are adapted to the needs of each customer, maintaining differentiated logical environments for each of them.

This platform was constructed in two service centres or DPCs, one belonging to Gneis and the other to Línea Directa, where a network, server and storage infrastructure was installed to deal with the platform's various contact centre systems: SIP (session initiation protocol) communications system / Telephony, ACD (automatic call distribution) - intelligent routing and single task queue, CTI (computer telephony integration) - integration with proprietary Bankinter applications, IVR (interactive voice response) and recording.

As well as installing these systems, we also replaced the telephone equipment used by the contact centre agents for Bankinter Group companies at their workstations, and set up new monitoring systems to improve the handling of this service. New IP communications infrastructure was also constructed with various telecommunications operators, enabling development of multimedia communications and services.

Strengthening of the technical platform

All systems providing Internet services for Bankinter were reinforced during 2013: from the Corporate or transactional website (bankinter.com), through the Broker (broker.bankinter.com), to the rest of the services for businesses (empresas.bankinter.com), using the latest technologies in the market, many of them designed for sectors other than finance. Gneis succeeded in integrating them all and getting the best out of them to obtain advantages such as capacity for growth in view of the increase in the number of customers, improvements to response times, round-the-clock availability for any kind of incident and reduced system costs.

Proof of this market differentiation is that part of this design has been published as a success story by other companies such as Intel: intel.com/content/www/us/en/mission-critical/mission-critical-xeon-gneis-tackes-maintenance-costs-case-study.html.

Recognition has also come from certain technological communities, which have welcomed the fresh look taken at preconceived ideas to achieve greater levels of efficiency.

We also made improvements to the procedures for updates and changes to services, leading to savings in both time and money, and added new functionalities for Bankinter Group customers, all with the highest levels of security, preventing systems or services being affected by any vulnerability and protecting them from any kind of attack.

Technological Risks and Security

The most secure bank

Gneis provides Bankinter with one of the most secure platforms in the market. In 2013 it continued to improve the implementation of controls and measures designed to manage technological risks, which contributes towards ensuring compliance with the requirements made of the Bank by its special interest groups and by all kinds of contractual and regulatory obligations.

This commitment to technological risk management and business continuity found expression in a number of achievements, such as:

- The incorporation of cyber-intelligence, which facilitates the gathering of information in the 'deep web', 'underground world', 'web 2.0', etc. enabling early detection of attempted fraud and ever more sophisticated 'digital brush-fires'.
- Internationally recognised certifications:
  - In 2013 we renewed and improved our ISO 27001 certification 'Information Security Management System', which Bankinter first obtained in 2006, being the first Spanish financial institution to do so.
  - This past year the Bank also renewed its certification under ISO 22301 'Societal Security - Business Continuity Management System', for which it was the world's first financial institution to be certified.

These achievements evidence the Bank's compliance with the highest standards of quality and professional rigour in managing the security of information and the business continuity of its computer platforms and systems.

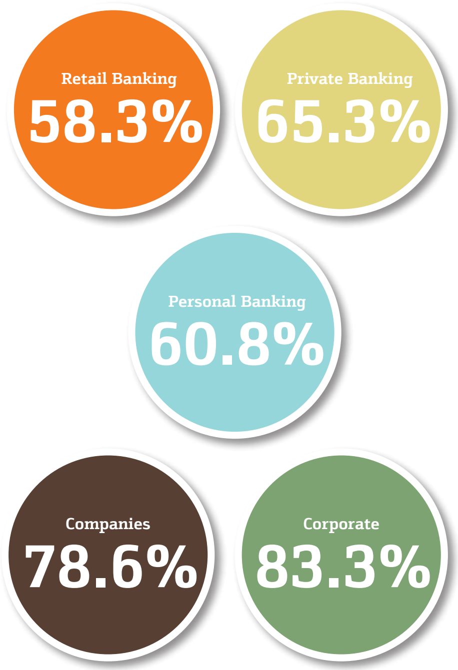
Lastly, the efforts made were recognised by means of the following awards and market mentions:

- CIT Golden Card Awards 2013 for Innovation in Means of Payment, for the Gneis product 'GRITA'.
- Special mention in the Quality CSTIC 2013 Innovation for Efficiency awards, for the Business Continuity Management System.

channels and networks

Multi-channel banking

Active customers Internet Channel



During 2013 the mobile phone channel continued to gain in popularity with customers as a way to conduct their business with the Bank, although the Internet continues to be the channel used most, accounting for 45.2% of customer transactions, compared with 10.1% by mobile phone and 4.7% via Telephone Banking.

The percentage of the Bank's active customers habitually operating through the Internet channel continues to increase year after year, reaching 61.4% at the end of December. Breaking this down by segment, the penetration rate for Retail Banking is 58.3%; for Private Banking 65.3% and for Personal Banking 60.8%. The same trend can be seen in the companies segments, where the penetration rate is 78.6% for Businesses and 83.3% in Corporate.

Quality of service and ongoing improvement in the customer experience are the pillars on which the success of Bankinter's Internet platforms are based. In this regard, bankinter.com ended the year with 76.9 NSI points for overall satisfaction, with an NSI of 73.9 for broker.bankinter.com and 79.1 for the empresas.bankinter.com portal.

bankinter.com

- Launch of a new service, 'Met@ Bankinter', enabling savings to be managed simply and graphically and offering recommendations to help customers attain the objectives set.

broker.bankinter.com

- Bankinter Mercados: applications for iOS and Android, offering information for following trends in markets from a smartphone or tablet and finding out the views and recommendations of Bankinter's Analysis department.
- Broker Renta fija: created with the purpose of bringing to life and simplifying fixed income operations in the secondary market and optimising customers' monitoring of their investments.
- Incorporation of 18 new Futures contracts into the Broker operations (agricultural, bonds, energy, indices, etc.).

empresas.bankinter.com

- Incorporation of a new section, 'Foreign trade services', which provides businesses with various useful tools for identifying business opportunities in their international activity, with an innovative design.
- SEPA-compliant, enabling payments and collections to be sent in the new formats established by European regulations.
- File management: a new tool for generating remittances of payments and collections without having to download programs to the computer, just by connecting to the Internet with the same company password.
- Possibility of contracting flexible forward exchange cover, allowing unwinding and early settlement of all forward exchange contracts.
- Incorporation of new features in documentary credits and new queries for import and export credits.

Distribution networks

Bankinter has a qualified sales force of

2,577

persons

General branches

At the end of the year Bankinter had a network of 360 General Branches. The Bank's existing customers are handled through this network. The network also strives to capture new customers from the various segments of both private individuals and businesses.

Over the course of 2013 we continued refurbishing and modernising the interior and exterior of the branch offices, bringing them into line with the standards of the Bankinter brand, with an image that is modern and above all more functional for both employees and the customers using them. Also, these centres were equipped with all kinds of requirements to make them accessible to persons with disabilities. We ended 2013 with 85% of branch offices having been refurbished.

98.3% of the branches have ATMs, the total number at year-end reaching 356.

Bankinter has a branch workforce of 2,577 highly trained and qualified people, equipped to provide specialised handling of every type of customer, with excellent service quality.

Business Centres

Bankinter ended 2013 with a network of 75 Business Centres, distributed among the 12 regional organisations of which the Bank is composed, with a total headcount of 414 specialists.

These Centres are mainly located in industrial estates where there is a high density of medium-sized enterprises which receive specialised and close-at-hand sales attention.

Private Banking Centres

The all-round management and care of clients in the Private Banking segment is carried out through 36 specialised centres located in Spain's major cities. These centres employ 188 private bankers, who are well equipped to respond to this client profile's specific requirements for advice and handling.

Corporate Centres

Larger businesses and major corporates are attended to in the Bank's 48 Corporate centres spread among the 12 regional organisations. These centres have a workforce of 216.

	31/12/2013	31/12/2012	Difference (%)
General branches	360	367	-7
Business Centres	75	76	-1
Average funds (€ millions)	21,915.13	20,098.08	9.04
Average investment (€ millions)	37,987.76	39,344.78	-3.45
NSI (Net Satisfaction Index)	75.78	75.06	+0.96

Being a Bankinter agent means being able to sell the Bank's best products and services on highly competitive terms.

Agent Network

Bankinter's Agent Network was set up in 1992 as a strategic play to drive the Bank's growth and profitability. Its business model is based on an association between Bankinter and highly qualified professionals linked to the world of finance and advice.

Bankinter and the agent share the margins earned on financial transactions without incurring the structural costs of traditional branches.

Bankinter now has one of the most extensive financial agent networks in Spain, consisting of 469 professionals selling all kinds of savings and investment products.

Being a Bankinter agent means being able to market the bank's best products and services in highly competitive conditions. The strategy is geared to customers with a Private Banking profile requiring specialised professional advice.

The incorporation into our project in 2013 of 75 new agents, who have brought with them to the Bank assets of €432 million, together with a focus by the whole Network on the upper customer segment, resulted in excellent growth figures for the year. Among the main figures, three that stand out are the €368 million increase in assets of investment funds, the €126 million increase in assets of SICAVs managed and the net increase in assets of Private Banking clients, which reached €475 million.

	31/12/2013	31/12/2012	Difference (%)
Agents	469	478	-1.91
Average Resources (€ millions)	965.55	1,044.00	-7.52
Average Lending (€ millions)	1,694.92	1,866.20	-9.18
Gross Margin	23.74	21.91	8.35
NSI (Net Satisfaction Index)	74.39	73.62	1.05

The major Spanish companies and multinationals established in Spain have signed such collaboration agreements with Bankinter.

Partnet branches

369

at the end of 2013

Partnet Banking

Bankinter's virtual branches continue to represent a unique model for collaboration between a bank and another company, public agency or professional society or association.

Partnet Banking is a business model based on an alliance between the Bank and its partners, which celebrated its twentieth anniversary this year. Through a virtual branch financial products and services are offered to the partner's employees, members, customers and suppliers. The success of the model lies in the fact that Bankinter and its partner (company, professional association, etc.) share management of the Branch. The Bank provides the capital, the technology and the financial products, while the partner facilitates access to the banks and people they usually deal with. Both share the profits generated by this business, which may even be distributed to the Virtual Branch customers.

The major Spanish companies and multinationals established in Spain have signed such collaboration agreements with Bankinter. At year-end there were 369 partnet branches, carrying on their activity in a large number of sectors: consulting and advice, technology, pharmaceuticals, energy, tourism and associations and other professional bodies.

In 2013, Partnet Banking made significant efforts to develop and focus business in the Private Banking segment, optimising personalised advice and the most appropriate range of products and services for each branch and each customer.

The customers of the 'partnet branches' continue to present one of the highest scores on the satisfaction index of all the Bank's networks, with 76 NSI points in December 2013. This high degree of customer satisfaction is partly due to the advice and personalised service they receive, as well as their profile as users of efficient channels: they use the Internet and the mobile phone as their main channels for interacting with the Bank. This past year the network made considerable efforts in technological development, working on a new process for signing up new customers online, which will contribute towards improving efficiency.

The percentage of transactions carried out by Partnet customers through bankinter.com was 62% in December, with a further 24% being conducted by mobile phone.

The business of the network of 'partnet branches' has a notable and growing importance at Bankinter, with a balance of €3.96 billion. It has also brought 35,071 active customers to the Bank.

	31/12/2013	31/12/2012	Difference (%)
Branch Offices	369	353	4.53
Average Resources (€ millions)	1,457.48	1,395.55	4.44
Average Lending (€ millions)	1,787.28	1,806.32	-1.05
Gross Margin	45.85	40.98	11.86
NSI (Net Satisfaction Index)	76.03	76.69	-0.86

Remote Network

Handling Area

The Handling area attends to customers' calls 24 hours a day, 365 days a year via the automated service.

In 2013 it continued with its transformation, and as well as growing further in its reactive sales activity, also started proactive sales work on products more profitable to the Bank.

All its work, both in handling customers' business and in sales activities, is results-oriented, seeking new business niches, and customer-minded, maintaining and even increasing levels of satisfaction with this platform. Proof of this is the NSI score obtained, which reached 81.5 cumulative points in December, with more than 14,300 people surveyed.

Surveys

14,300

carried out by the Han-dling Area

Telephone activity by service	% of calls abandoned	% TSF
2013	5.66	79.4
2012	5.70	79.7
Difference (%)	-0.70	-0.38

Telephone activity by service	2013	2012	Diff.%
Received	2,241,114	2,594,294	-13.61
Issued	350,035	299,504	16.87

Customer surveys on service	2013	2012	Diff.%
Handling Area	81.49	79.86	2.04

Distance Care Area

The Distance Care Area remotely looks after customers in the various segments, always with the objective of attaining maximum efficiency. In some cases this is done on an exclusive basis, as in the case of Personal Banking and Partnet banking; in others, such as in the Retail Banking and Small Businesses segments, it takes the form of a support network.

No. of customers, customer care area	2013	2012	Diff.%
Retail Banking	343,505	333,316	9.31%
Personal	8,319	9,382	-11.33%
Small companies	24,338	23,624	3.02%

Remote Branches

The Remote Branches manage and advise customers starting to work with the Bank via the Internet and Telephone Banking.

These Branches posted a gross margin of €12.2 million for the year.

Average resources of customers handled by the Remote Branches stood, at that same date, at €434.8 million, and lending, mainly residential mortgage loans, stood at €882.8 million.

Remote Branches (€ millions)	2013	2012	Diff.%
Average funds	434.84	430.37	1.04%
Average loans and receivables	882.79	956.24	-7.68%
Ordinary income	12.18	11.72	3.90%
Overall satisfaction (points)	70.55	70.62	-0.10%
Active customers	27,383	29,484	-7.13%

CRM

CRM is the area responsible for knowing, and having a single view of, the customer. That means knowing the customer's needs, preferences and all matters that are important to him or her. All this with a view to effectively and efficiently developing the customer's relationship with the Bank at every level, seeking to maximise the customer's profitability, satisfaction and loyalty, identifying what best to offer in every interaction and channel and on every occasion, based on behavioural patterns and analysis of results.

It is therefore a strategic part of the activity of the Bank's various areas and businesses, providing the necessary tools for the launch and prioritisation of sales actions (events, algorithms and alerts), as well as the sales intelligence needed for all-in customer management and decision taking. For this, CRM relies not just on the data and interaction with the branch network, but also on the construction of predictive models.

International benchmark

Bankinter's CRM constitutes a competitive advantage, and is accorded international recognition year after year. In 2013 Bankinter received the INFOR 'Excellence in Action' award. This award comes on top of recognition obtained in previous years, such as the placing as finalist last year in the Gartner 2012 CRM Excellence Awards.

Advances in knowing the customer

During this past year notable advances have been made in monitoring 'untied' customers, with a view to retaining the high rate of capture achieved in previous years. On the business and corporate side, we made significant improvements giving us new algorithms to identify opportunities for increased lending, thus aligning CRM with the Bank's determination to grow.

CRM sales activity in 2013

As regards sales activity, actions focused on increasing customers' ties to the Bank, boosting resources and consumer finance in the Commercial Banking area and increasing quality lending and business indicators in the Business Banking area.

In support of the attainment of these customer acquisition objectives, CRM provided the Branch Network with various sales actions aimed at potential customers, based on the potential market and the use of *geoCRM*techniques.

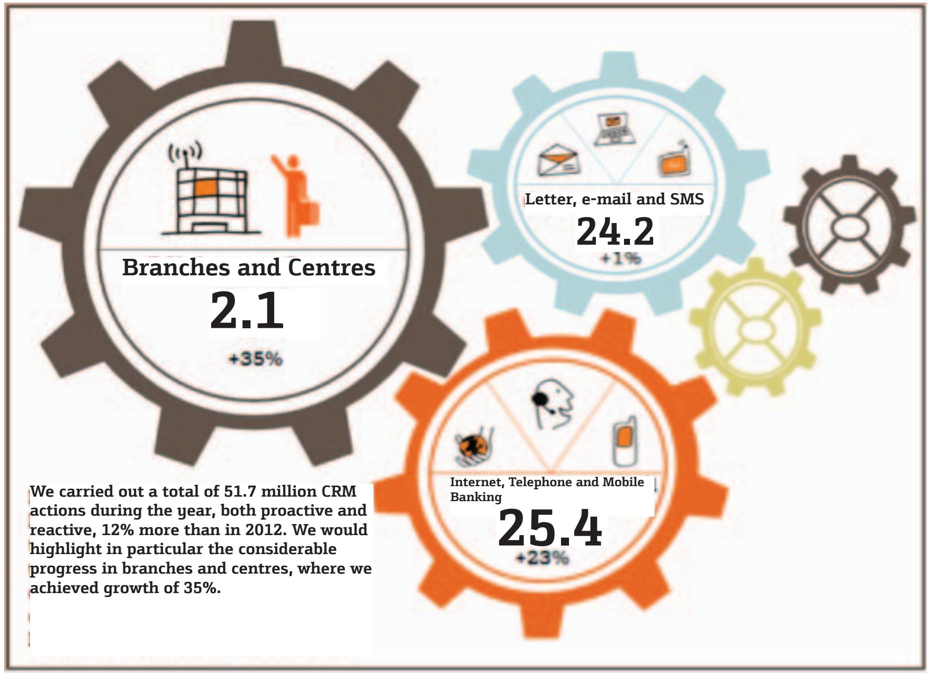
The year 2013 can be summarised in a few particularly noteworthy figures, such as the 51.7 million sales actions carried out, both proactive and reactive, which was 12% more than in 2012. Also noteworthy was the significant advance in sales actions in specialised offices and centres, where growth of 35% was achieved. All this enabled us to increase the productivity of the sales agents, branch managers and private bankers, which is a key factor in the Bank's commercial development.

Contact channel (Data in millions of actions)	**2013**	**2012**	**Diff.**	**Diff.%**
Branches and centres	2.1	1.5	0.5	35
Internet, Telephone Banking and Mobile Banking	25.4	20.7	4.7	23
Letters, e-mails and SMS	24.2	24.0	0.2	1
Total channels	51.7	46.2	5.5	12

Winner of the INFOR "Excellence in Action Award" in Customer Excellence.

There was also a further increase in sales activity through the remote channels. We sent 24.2 million direct sales communications to existing and potential customers by letter, e-mail and SMS, with a notable reduction in volumes of post and an increase in that of e-mail.

Number of sales actions by channel



We also improved the updating of customer contact details, an indispensable requisite for efficient sales actions, particularly remote ones. At the end of 2013 the Bank held the mobile phone numbers of 78% of private individual customers and the e-mail addresses of 65%, with statutory consent given to the sending of sales offers. For companies, the figures were 53% for mobile numbers and 59% for e-mail addresses.

Another example of the value of our CRM

As proof of the value and potential of Bankinter's CRM and the positive worldwide perception of it, suffice to say that a major international financial institution, not in direct competition with Bankinter, expressed interest in the workings of the predictive models and intends to study the possibility of implementing them in its market. The fact that a functional area such as CRM obtains revenues that can then be reinvested in new improvements to service is unprecedented in Spanish banking.

This project was undertaken in collaboration with Gneis, the Bankinter Group's technology company, allowing Gneis to boost its capabilities as a seller of services.

Sales Planning

Bankinter continues to make progress with the development of new tools for assigning and monitoring sales objectives. Also, integration with CRM was further pursued, allowing sales activity to be brought into line with objectives. This past year also saw progress in setting sales objectives for specific periods (sales campaigns, quarters, etc.)

Marketing

Knowledge of the market and of customers is vital in a complex and changing environment such as the present one. Rapid and profound changes require a drive to get to know our customers better, so that we can respond quickly to the thoughts and feelings behind their financial decisions, help individuals to plan for a financially sound future and help companies to define their business projects with the most appropriate products and services.

The marketing area led the market research projects that yielded the answers to these questions and at the same time enabled us to design and construct Bankinter's advertising positioning for the coming years.

In line with the foregoing, in this past year we improved the systems for measuring and controlling the results of marketing campaigns. The objective pursued with this measure is to reach a balance between advertising efficiency and effectiveness by constructing econometric models allowing us to calculate the return on investment (ROI) in advertising and the optimisation of the media mix used.

The marketing role is essential in the bank's commercial strategy. On this basis it defines, designs and develops the most appropriate marketing actions for attaining the sales objectives set, providing support for the launch of new products and services, providing sales material and conducting media campaigns and events to attract new customers.

In this regard, the Bank actively carried out many and varied marketing campaigns during the year. The most significant initiatives carried out included:

'1.95% Mortgage' campaign

Initiative aimed at capturing new customers by selling them mortgage loans. The advertising media used were press and online advertising.

AVE (high-speed rail) campaign

Running from 6 October 2013 to 6 January 2014, the campaign consisted in covering virtually the whole interior of 26 high-speed trains on the Madrid-Barcelona line, including headrests, luggage racks, doors between carriages and the cafeteria, with vinyl advertising posters. This campaign, designed to promote financing for the business segment, was seen by 350,000 passengers, 60% of whom were travelling on business. The objective of the campaign was to connect with businesses and entrepreneurs at an emotional level, stressing the value of financing for the really important things that provide day-to-day satisfaction in the growth of their business.

Events aimed at entrepreneurs and high-income clients

The following actions were carried out with the objective of strengthening ties with private banking clients:

— 35 exclusive lunches with Private Banking clients, which were attended by nearly 500 people.

— 31 'financial cuisine' sessions in different cities, with the objective of introducing high-income clients to our advisory services and presenting our offering of investment funds in an original and innovative format. Nearly a thousand people attended these events, which were led by Javier Bollain, General Manager of Mercavalor, and featured invited heads of other asset managers.

— With a view to introducing the Galician and Basque business communities to the services of the Investment Banking division, two events were held, in Vigo and Bilbao, in the format of an interview/colloquium between the Chairman of the Bank, Pedro Guerrero, and well-known economists.

— One of the Bank's most outstanding events of the year was the tour of seven Spanish cities with the famous flamenco dancer Sara Baras, which was attended by 7,100 businesspeople, senior company executives, existing and potential private banking clients.

Within the Marketing area, the Communications Manager continues to ensure the level of quality and compliance with brand standards in all operational, transactional, legal and regulatory communications.

The scope of action covers all formats and channels that Bankinter uses to communicate with its customers. Another of the area's responsibilities is the monitoring of cost savings and control, driving initiatives for improvements and efficiency in communications with existing and potential customers.

During this past year we continued the work of launching campaigns to update contact details, which together with other savings and efficiency initiatives enabled us to make further progress along the savings path on which we set out in 2009. These initiatives contributed to significant savings in postage being made in 2013, with the number of envelopes sent being reduced by more than 1.5 million.

03 The Human Factor


persons

Managing people

The People Management area is in charge of defining and implementing the necessary policies to create an ideal working environment that facilitates motivation, performance and professional development and in which the employees, who constitute Bankinter's main asset, feel proud of what they do and can balance their working and private lives. These policies are at all times aligned with the strategy and needs of the various business areas, helping both the Bank's departments and its individual professionals achieve the objectives that have been set.

The management of human resources is founded on equal opportunities, recognition and active development of talent, the promotion of employees' professional growth and investment in training, as exemplified by the inauguration of the Bankinter Corporate University a few months ago. The following were the main actions carried out in this field during the year:

Selection and rotation

In spite of the remaining difficulties in the economic environment, the Bank was able to generate career opportunities for both existing employees and professionals joining the Group from other institutions or offered their first job by Bankinter.

In this respect, the number of vacancies reserved exclusively for existing employees of the Bank more than doubled, from 40 internal rotation processes in 2012 to 85 offers in 2013. In parallel with this, 132 external selection processes were carried out, as against 70 in 2012.

Selection

Cumulative December 13			Total year 2012		
Processes	Candidates	Positions filled	Processes	Candidates	Positions filled
132	873	63	70	566	47

Rotation

	Cumulative December 2013				Total year 2012		
	Processes	Candidates	People Mgt. interviews	Vacancies filled	Processes	Candidates	Vacancies
Direct search	-	-	-	-	20	101	11
Vacancies	85	590	513	56	40	292	28

Professional development

The appropriate professional development of the workforce requires a tool to provide regular insight into professional achievements, performance at work, suitability of professional skills to the profile required for the position, and attitude. In 2014 the People Management area will start using a new Evaluation tool, which will greatly improve the ability to measure the performance, attitude and skills of each employee and thus to take training measures for their professional development.

Training in professional development

Given the importance of promoting the continuous training of the workforce, in September we inaugurated the Bankinter Corporate University, a strategic tool for value creation and the exchange of knowledge within the Bankinter Group. This university, created with the purpose of facilitating employees' reflection, creativity and development, has a physical headquarters in the Tres Cantos building in Madrid and a virtual campus to which the entire workforce has access through the corporate Intranet.

Within the Corporate University's Virtual Campus various specific Schools have been set up, aiming to integrate online content in a number of different formats (videos, presentations, e-magazines, etc.) Schools already in operation include the School of English, the School of Leadership (intended mainly for people managers) and the School of Private Banking.

In line with the foregoing, over the course of the year the Bank delivered a total of 515 courses, which were attended by 96% of the total workforce and 99% of that of the branch network. The employees of the branches and the corporate and private banking centres, on whose training particular emphasis was placed, each received an average of 38 hours of training, four more than the rest of the workforce.

To maintain efficiency in training ratios, we placed increased emphasis on in-house courses, taking advantage of our own employees' knowledge and of online programmes and data-conferences. Training efforts focused on the following areas:

— **Technical training:** on advisory services for investment, investment funds, pension plans, tax, products (from insurance through ETFs, equities and fixed income to novel products), international trade, as well as more specialised training on project management and application design and development.

— **Training on the handling of various operating procedures for IT products and tools** such as Business Intelligence, SharePoint, Excel, Epiphany, HTML5, SAS and Dreamweaver.

— **Skills training** focusing on the improvement of selling and sales planning techniques, capturing new customers, negotiating techniques and techniques for enhancing customer satisfaction.

— **Specific plan for people managers,** which seeks to achieve a common management style integrating the objectives of each people manager with the objectives and values of the Bank. The skills that a Bankinter people manager should have were defined, and training was given on them.

— **Obtainment of certifications** recognised in the market: MEFF (Spanish Options and Financial Futures Market), PMP (Project Management Professional) and CEH (Certified Ethical Hacker).

— **Regulatory training,** through courses on MiFID, insurance, SEPA, AML, the prevention of risks in the workplace and the application of the Spanish Data Protection Act.

— **Training focused on Corporate Social Responsibility.** Courses were conducted, both classroom-based and by distance learning, for the branch network and members of the Sustainability Committee, on attending to persons with disabilities. Also, the whole workforce has at its disposal on the training website the online course 'One Bank for All', which centres on attending to disabled people, and the video of the Declaration of Human Rights.

— **Language training,** basically in English, by means of classroom and telephone training for those needing English in their work.

Respect for employees' rights and interests

Bankinter guarantees its workforce the effective exercise of the rights of unionisation, association and collective bargaining, as well as the right to privacy in the legally established terms and in accordance with the specific provisions laid down to this end in the Bank's Code of Professional Ethics. It also treats everything relating to employees' personal, medical and financial data with due confidentiality and is especially respectful of its employees' personal communications via the Internet or other media.

In 2013 the Bank recognised the people who had distinguished themselves by their motivation, commitment and hard work.

Patricia Llamazares Yuste · Sarahi Gonzalvo Torrado · Laura Moreno Hermoso · Mikel Benavente Etxebarria · Reyes Loizaga Diaz · Lorea Mendezona Jiménez · Paola María Sánchez Garagorri · Fernando Foronda Acereda · Estibaliz Hernández Martínez · María Arbeo Barrón · Angela Razquín Orbegozo · Saioa Basoco García · Fernando Trullos Othaitz · Aitor Mozo Izaguirre · Asier Odriozola Urbieta · José Gabriel Diez Bados · María Dolors Casas Folch · María Esther Heredia López · María Victoria Pérez Alberich · A. Belén Valle Vázquez · Adela Martín Ruiz · Alberto Álvarez Gómez · Alberto Pérez Hernández · Alejandro García Pérez · Alfonso Pérez Gómez · Álvaro Manuel de Barandica Mazarrasa · Ana Belén Merino Rodríguez · Ana Garrido Revilla · Ana María Achau Ferrer · Ángel Llamas Llamas · Ángel Luis Castellanos Victoria · Ángel M. Pedros Luque · Ángela Romo Martínez · Antonio Arraiz Tauste · Antonio Díaz-Villarejo Merino · Antonio María Pascual Torres · Antonio Murillo Gayo · Antonio Pedro Martínez Andreu · Antonio Piqueras Martínez · Antonio S. Ortega Muñoz · Aurora María del Rio Merino · Aurora María Mateo Delgado · Balbina Fenollosa Reixach · Belén López Martín · Belén Rodríguez Fernández · C. Alberto Pérez Lafuente · Caridad E. Oliva Navarro · Carlos Alarcón Urbina · Carlos Lejo Turiel · Carlos Peral Hernández · Carlos Rey Ruiz · Carmen Casado Solá · Carmen del Castillo Vázquez · Carmen María Cidoncha Escobar · Cesar Calvo Medina · Cesar María González Rodríguez · Cristina Alonso González · Cristina Galilea Fernández Luna · Cristina I. Nuñez Fuentes · Cristina Martín García · David García Moral · David Santiago Pérez Barrasus · Dimas Blanco Muñoz · Domingo Carpena Zafrilla · Eduardo Pérez Martínez · Eduardo Rubio Campillo · Eloy Antonio Lagos Lizán · Enrique Diaz-Mauriño Garrido-Lest · Esther Torrijos Muñoz · Estibaliz González Calzada · Eva Escribano Peregrina · F. Isabel Rodríguez Cámara · F. Javier Martínez López · Francisco Javier Cabrera Izquierdo · Francisco Javier Hurtado Huerta · Francisco Manuel Pérez Rodríguez · Francisco Javier Lobo Moreno · Francisco Javier Martínez Egea · Fernando González Garcia-Moreno · Fernando Hafner Roda · Fernando Luengo Antón · Francisco Javier Cano Peláez · Francisco Javier Lechuga Chicharro · Gema Herrero Naharro · Gema Rebollo Guerrero · Gonzalo del Olmo Solorzano · Guillermo Gutiérrez Senderos · Heriberto Arias González · Inmaculada Sánchez Pérez · Ion Arrieta Beiztegui · J. Javier Hernández Bermejo · Jaime Ortiz Esteller · Javier Merino Sánchez · Javier Sola Camaño · Jordi Casas Masjoan · Jorge Banacloy Pardo · Jorge Luis Aguilar Fernández · Jorge Rodríguez Basanta · José Alberto Rodríguez Portilla · José Antonio Vilchez Cecilia · José Fernando Torres Polo · José Lloret Soler · José Luis Cantón Castilla · José Luis Gallego Ocaña · José Luis Parra Sánchez · José Luis Solís Matesanz · José María Campos Cardenal · José María Molina Mancha · José María Ordejón Rontome · José Miguel Aledo Domenech · José Miguel Durán Ruiz · Juan Bautista Collado Orlando · Juan Carlos Fernández Fernández · Juan Carlos Jiménez Cortes · Juan Carlos Martín Hidalgo · Juan Patricio Martínez Prieto · Judith Guemes Gutiérrez · Julio Urcola López · Lara García de Vinuesa Bazaga · Lorea Sáez Llerena · Luis Demetrio Tahoces de San Juan · Luis E. Reviriego Agudo · Luis Manuel Espeso Salas · Luis Manuel Jaurena García · Luis Miguel Villaluenga Herrero · Luis Serra Noales · Luis Suárez Vázquez-Pimentel. · María Dolores Crispín Sáez · María del Pilar Ceresuela Fernández · María Soledad Prellezo Besoy · María Yuberlinda Maldonado Garrido · María Begoña García-Lomas González · María Carmen Robles Romano · María José Vera Sáez · Maite Cañas Luzarraga · Manuel Montoya Ablanque · Marco Antonio López Ruiz · María Begoña Mancebo Salas · María Carlota Lechuga Arsuaga · María Cruz Abad Perales · María Dolores Luque Sánchez · María Isabel García García · María Jesús Peinador Tordesillas · María Mayo Rodrigo · María Pilar Samaniego Moreno · María Soledad Jiménez Fernández · María Teresa Rey Regueiro · Marta de Miguel Silva · Marta Lourdes de Nova Gómez · Mercedes Bergua Barrena · Miguel Ángel Iglesias Varela · Miguel Fraire Domínguez · Mireia Alejandro Díaz · Mónica Garrido Vilchez · Mónica Mejía Fernández · Mónica Rey Tobalina · Nicolás Contreras Miguez · Nicolás Jesús Parrilla Sánchez · Nuria Sais Bedmar · Oriol Cañameras Autran · Oscar Alberto Varela García · Pablo Serrano López · Philippe Saidj · Rafael Salido Setien · Rafael Sánchez Raymundo · Ramón Abascal Junquera · Raquel Alonso del Cerro · Raquel Azcárraga Bonilla · Raúl Moreno Moreno · Rocío Moreno Gil · Rosa Ana Viejo González · Rosa del Carmen Madariaga Caridad · Rosario Delgado Resino · Rubén Varona Porres · Samuel Jonás Peñalver López · Sandra Rodríguez Fernández Castro · Santiago Villar Santaella · Silvia López Amor · Sonia García Ruiz · Sonia Martínez Lobo · Sonia Rodríguez Vega · Suam Barrantes Sanz · Vanesa Tores de la Fuente · Vicente Morales Moya · Virginia Arguijo Martínez · Virginia Espinosa Alcobendas · Yolanda Cerrato Astarloa · Yolanda Fernández Rodríguez

Recipients

Human Capital					
Indicator	2013	2012	2011	2010	2009
Descriptive Indicators					
No. of employees	4,088	4,068	4,210	4,543	4,509
Average age (years)	40.30	39.58	39.00	38.00	37.38
Experience					
Average length of service (years)	13	12	12	11	11
Average length of service (years) as % of 40 years (professional lifetime)	32.50	30.00	30.00	27.50	27.50
Diversity					
Breakdown by sex					
Male (%)	49.17	48.80	49.31	49.53	50.19
Female (%)	50.83	51.20	50.69	50.47	49.81
Graduates (%)	77.05	76.72	76.96	75.13	73.79
Employees with advanced English language skills (%)	33.64	34.19	33.47	31.70	34.33
Number of nationalities represented	27	29	29	34	26
Number of different qualifications	98	72	103	97	91
% of workforce holding the three most common degrees at Bankinter	50.95	50.07	60.48	49.24	45.73
Corporate Volunteer Work					
Number of different volunteer projects implemented	8	30	38	49	39
% of employees participating as volunteers in the various projects implemented	3.77	9.83	12.35	13.91	9.47
Ability and development					
Employees who received training (%)	95.91	96.06	78.08	83.42	95.63
Average number of training hours per employee as % of 350 (average post-graduate course load)	10	11	9	9	15
Average number of training hours per employee	34.34	37.32	31.29	32.46	53.61
Average number of training hours per employee trained	35.81	38.85	40.08	38.91	56.06
Investment in training as % of total payroll	0.5	0.6	0.8	0.9	1.3
Investment in training per employee (euros)	198	236	299	359	519
Investment in training per employee trained (euros)	207	246	383	430	543
Employees with access to Virtual Classroom from their workstation (%)	100	100	100	100	100
Training actions in Virtual Classroom as % of total different training actions	6.21	6.26	5.83	7.18	8.17
Number of different training initiatives	515	479	412	376	404
Average no. of courses per employee	10	8	8	10	10
Total number invited by courses delivered	1,014	840	1,158	1,349	1,323
Rate of application of training in the job performed (%)	100.00	100.00	100.00	100.00	100.00

Human Capital					
Indicator	2013	2012	2011	2010	2009
Commitment and motivation					
Employees participating in stock and convertible debenture ownership programmes (%)	33.54	40.22	40.97	40.41	37.41
Satisfaction index*	N.A.	58	N.A.	N.A.	79
Motivation index *	N.A.	72	N.A.	N.A.	76.00
Participation in opinion poll *	N.A.	77	N.A.	N.A.	82
External rotation index	4.09	5.59	10.29	5.89	4.10
Employees participating in Quality Projects and Actions as % of total headcount	-	-	0.59	2.66	5.34
Employees participating in Discussion Forums as % of total headcount	23.24	30.56	32.78	33.92	34.80
Persons with flexible remuneration %	39.92	35.15	30.74	24.87	18.92
Employees who have received awards (%)	0.00	0.00	89.33	70.83	70.75
Recognition index (%)	N.A.	2.75	2.07	9.30	12.51
New hires in the past year as % of total workforce	4.33	2.19	2.76	6.65	4.68
Personnel expenses (€000s)	345,231	323,080	329,965	332,934	325,040
Number of contributions to knowledge communities	1,078	1,399	1,890	2,037	2.011
Number of suggestions for improvements	128	156	510	496	442
Value creation (€000s)					
PBT/Number of employees	72.79	37.90	57.04	45.17	76.72
Contribution to GDP per employee	121.31	115.83	119.70	119.01	149.76
Productivity (€000s)					
Customer funds per employee	9,427	8,903	9,015	8,784	8,879
Loans & receivables per employee	10,077	10,339	10,120	9,195	8,845

* The survey is carried out every two years, so there are no data for 2013

Structural Capital					
Indicator	2013	2012	2011	2010	2009
Management and strategic management					
Hierarchical levels involved in preparing the Group's strategic plans (%)	31	29	31	31	31
Employees who are familiar with the company's objectives (%)	102	101	100	100	100
Management information available to 100% of employees (%)	97.20	97.20	97.20	97.30	97.20
De-layering and Transparency					
Persons participating in skills evaluation	3,990	N.A.	N.A.	N.A.	4,398
Flexibility (%)					
Internal job rotation	16.68	19.80	22.28	35.12	26.04
Employees who have logged on remotely (%)	30.04	31.22	46.84	35.48	35.64
Number of remote log-ons	105,006	114,093	121,637	103,034	122,634
Time logged on remotely per user (min.)	9,258	9,621	5,725	6,198	7,305
Employees accessing the Internet daily from the Bank's platform	88.99	97.32	103.17	95.80	91.52
Employees with corporate laptops (%)	26.22	27.88	27.72	27.36	27.86
Employees with corporate mobiles or BlackBerrys (%)	63.92	63.74	63.06	63.50	50.12
Technology & process quality					
Employees with Intranet access / total staff	100	100	100	100	100
Number of employees contributing to development and maintenance of Intranet content	749	352	369	197	340
Employees with access to e-mail / total staff	100	100	100	100	100
MIPs at central host / staff	1.02	0.98	1.35	1.17	1.18
Daily e-mail traffic (daily average in a 7-day week)	202,653	278,360	282,915	279,817	210,608
Branches with Internet stations and telephones connected to Telephone Banking (%)	100	100	100	100	100

Relational Capital					
Indicator	2013	2012	2011	2010	2009
Customer Relations					
Number of non-specialised and foreign branches	360	367	366	367	369
Number of Virtual Branches	369	353	359	371	399
Number of Bankinter Agents	432	478	496	543	683
Number of centres for medium-sized businesses	75	76	81	89	102
Number of corporate centres	48	48	47	47	47
Number of Private Banking Centres	36	38	59	47	62
Employees per Branch or Management Centre	7.85	7.69	7.61	8.05	7.77
Staff directly involved in the business (%)	77.62	76.72	76.75	75.74	81.46
New active customers (%)	8.65	7.82	6.23	4.80	4.73
Annual growth in Average Total Assets (%)	-5.20	4.32	4.33	-0.75	7.05
New active customers per employee	16	14	11	8	8
Quality and customer satisfaction					
% of financial incidents resolved within 48 hours	47.80	51.63	48.73	57.33	52.53
Number of complaints to Ombudsman per active customer	8.92	7.21	6.67	11.25	14.87
Number of complaints processed by Banco de España per active customer	3.64	2.65	2.66	7.35	6.65
Multi-channel development					
Transactions through channels other than Branch Network as % of total Bank transactions	62.86	63.35	62.56	63.67	67.04
New customers through channels other than Branch Network as % of total new customers	47.73	42.66	41.99	42.87	47.11
Telephone Platform					
Calls answered by Telephone Platform / Staff	530	608	700	824	963
Enquiries and incidents reported to Telephone Banking and managed through e-mail/Telephone Banking staff	394	388	349	275	197
Active Telephone Banking users as % of total active customers	55.32	54.42	55.54	61.35	62.78
Transactions via Telephone Banking as % of Bank total	4.72	4.38	4.73	5.67	5.27
Calls managed by the automatic service (%)	40.84	40.45	44.56	43.11	44.91
Branch network and Virtual Banking					
Growth in number of Virtual Banking customers (%)	1.37	1.63	1.94	2.25	3.46
Virtual Banking transactions via channels other than Branch Network/Total Virtual Banking customer transactions (%)	96.90	97.73	98.67	98.85	98.79
Increase in number of Agent Network customers (%)	4.42	1.58	3.31	2.47	6.84
Agent Network transactions through channels other than Branch Network / total Agency Network customer transactions (%)	97.17	97.25	97.85	97.73	97.88

Relational Capital					
Indicator	2013	2012	2011	2010	2009
Internet					
Internet customers as % of total customers	25.66	25.59	24.76	24.90	24.92
Transactions through bankinter.com as % of Bank total	45.20	48.98	50.20	51.38	54.89
Internet log-ons per active user	91.88	87.73	94.47	93.62	99.30
Variable income activity carried out via Bankinter Broker (%)	57.66	57.86	57.56	69.14	72.61
New customers signed up by Internet as % of total new customers signed up by the Bank (%)	5.09	2.99	2.85	4.26	3.87
Shareholder and investor relations					
Channels available to shareholders and investors	8	8	8	8	8
No. of publications aimed at shareholders & investors	41	45	35	34	34
Support for Education, Culture and Innovation					
Alliances and collaboration projects with academic and research institutions	40	19	22	61	72
No. of conferences organised by Bankinter Foundation for Innovation to disseminate its findings among Spanish businesses.	16	16	20	13	13
No. of experts (scientists, economists, sociologists, businessmen, etc.) who participate in the forums organised by the Bankinter Foundation for Innovation.	391	361	326	299	277
Brand awareness					
Awards or public recognitions received by Bankinter	12	22	23	30	30
Positive and neutral assessments made in reports on Bankinter in the media in the target market	93.41	86.97	79.48	79.52	88.55
Social Action					
No. of agreements reached to include people with disabilities on the staff	8	4	4	6	7


quality
quality

Customer satisfaction

Quality forms part of Bankinter's value proposition to its customers and of its ongoing commitment to the quest for excellence.

This commitment finds expression in the proactive management of the customer experience by means of initiatives aimed at enhancing customer satisfaction.

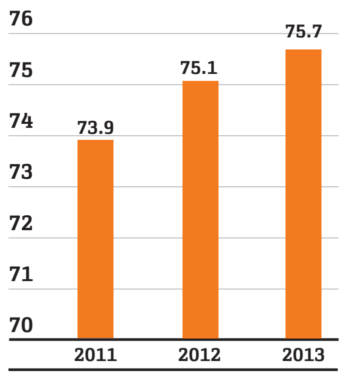
To this end, the Bank periodically measures customer satisfaction in all the networks and on all the platforms, as well as the branches' satisfaction with the Central Services. It also evaluates the customer service provided in the Branch Network, conducts specific surveys on the most important processes, handles customers' comments, suggestions and complaints and measures the effectiveness of its internal processes.

The results obtained in 2013 reflect highly positive trends in levels of customer satisfaction, as well as in their inclination to recommend Bankinter to potential customers.

In 2013 various initiatives were driven to improve the customer experience with the Bank, among them notably: information, advice and formalisation for international trading and fixed income processes, protocol for the process of changing manager in the Private and Personal banking segments, incorporation of customers' suggestions into improvements to the mobile channel, development of new savings solutions with COINC and Met@ and implementation of the multi-channel signing of transactions initiated face-to-face in the branches.

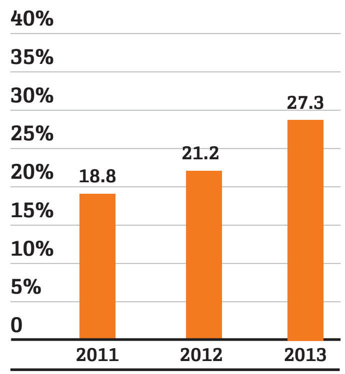
By segments, the results are very positive, with particularly high scores for satisfaction with the branch office, employees' professionalism, their dedication to the customer, the speed of transactions, products and services contracted and the transparency of the information the Bank provides to its customers.

Net Satisfaction Index (NSI)
Cumulative



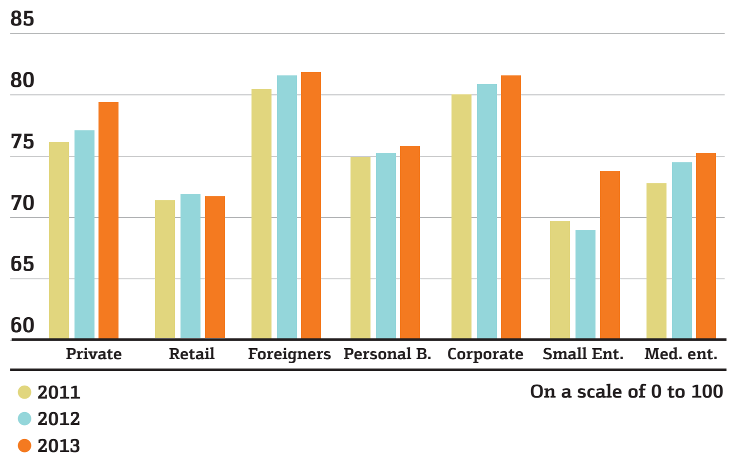
Net Satisfaction Index (NSI) on a scale of 0 to 100

Net Recommendation Index (NRI)
Cumulative



Difference between the percentage of customers prepared to recommend Bankinter and of those hardly or not at all inclined to do so

Overall satisfaction by segment
Cumulative

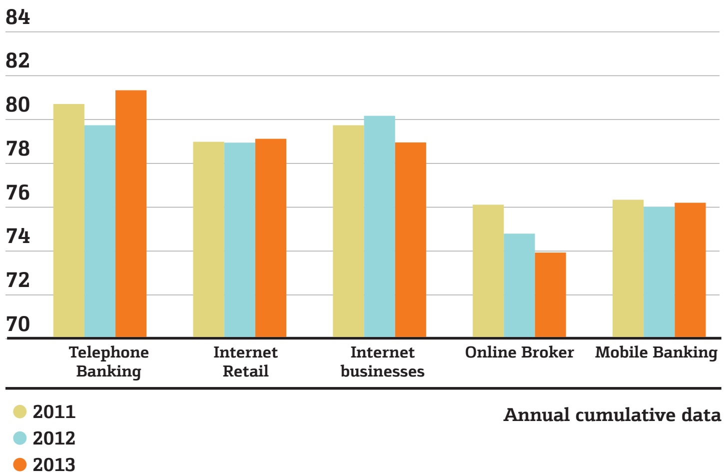


On a scale of 0 to 100

For remote channels, the features most appreciated are: in Internet Banking, the wide variety of transactions available and their functioning; regarding SMS messages, the clarity of the information and usefulness of the alerts; in the online Broker facility, the speed of execution of orders and its availability; and regarding the Telephone Platform, the speed and flexibility in carrying out transactions and the professionalism of the account executives.

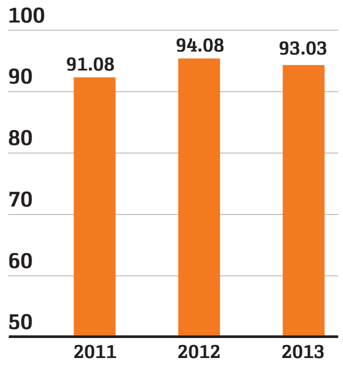
As regards the in-branch, 'face-to-face' channel, the Branch Network has a sales protocol as a reference framework for adhering to a distinctive sales style that makes the Bank's values tangible in its dealings with customers and potential customers.

Overall satisfaction, remote channels



Annual cumulative data

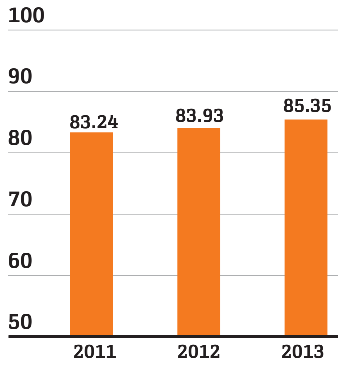
Telephone service: degree of compliance with Protocol



Cumulative

Source: MDK Investigación de Mercados

In-branch service: degree of compliance with Protocol

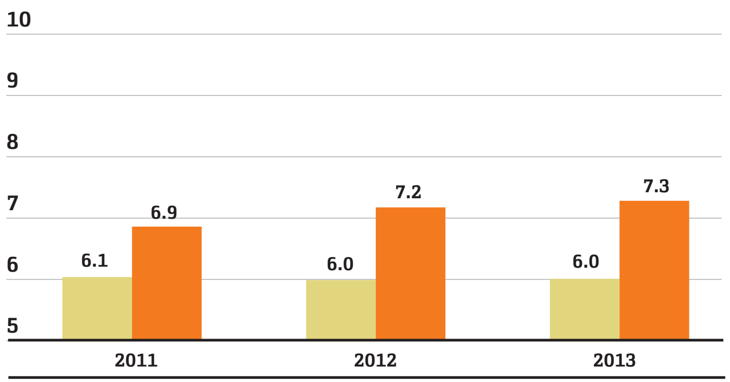


Cumulative

The correct application of this protocol led among other things to the good results obtained by the Bank in the Equos 2013 report on objective quality in the branch networks of the major Spanish financial institutions. According to the conclusions of this report, Bankinter continues to become more competitive compared with the market in its selling, explanation of products and in-branch attention to customers.

The number of customer complaints and claims handled by the Customer Service Department in 2013 fell by 4.1% compared with 2012, to 5,778, and 48% of them were resolved in less than 48 hours; financial claims numbered 4,247, of which 45.2% were resolved in the customer's favour.

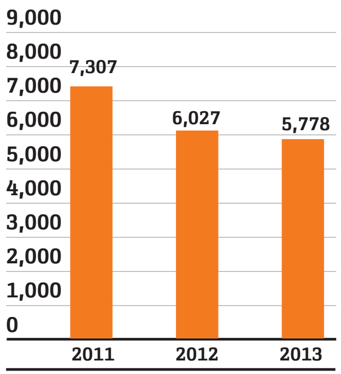
Objective quality in branch banking networks (on a scale of 0 to 10)



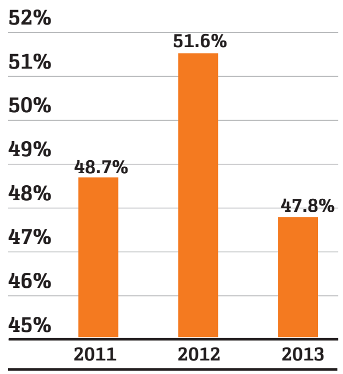
Market
Bankinter

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

No. of complaints and claims received



% resolved in less than 48 hours



Customers of Bankinter can send any complaints and claims concerning the Bank to the Customer Service Department, whose objective is to ensure that they are properly attended to, resolved and communicated to the customer. In order to improve the service given, in 2013 this department incorporated new indicators for the Bank's products and services and optimised communication channels with customers (branch, Internet, telephone, SMS and e-mail).

As a proportion of the Bank's total number of transactions, complaints and claims once again declined this past year, to 3.1 cases for every 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 at Banco de España.

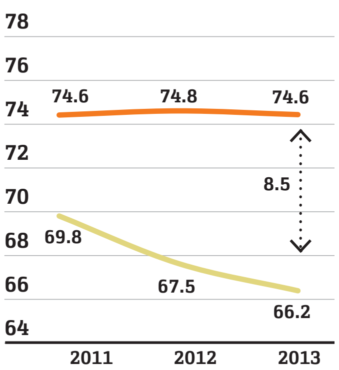
Market: Positioning of Bankinter in perceived Quality

In 2013, Bankinter widened its lead over its competitors' average to 8.5 satisfaction points for private individuals and 5.2 points for companies.

In private individuals, Bankinter obtained improved scores in all 13 factors analysed, with very significant differences in the clarity and transparency of the information that the Bank provides to its customers, personalised advice, service and treatment in the branch office and speed of transactions.

In the Companies segment, Bankinter is ahead of the market average in 12 of the 13 factors analysed, the main differentiating factors being speed of response and fast processing of financing transactions, employees' professionalism, flexibility and transparency in signing up for products.

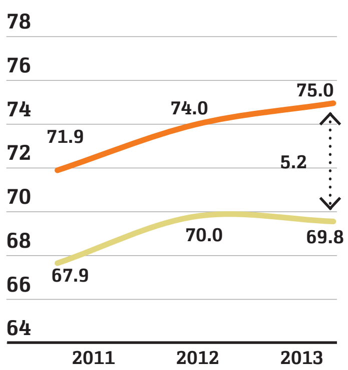
Market gap, Private Individuals
Cumulative



Market
Bankinter

Source: Inmark

Market gap, Companies
Cumulative



Market
Bankinter

Recognition

The results in customer satisfaction and inclination to recommend Bankinter are due to the efforts made by all employees every day to make Bankinter an exceptional bank.

The offices, centres and departments of the Bank most appreciated by their customers in 2013 were:

In the Branch Network:

Branch network
Organisation Navarra, Aragón, La Rioja and Soria

Bankinter Partnet
Organisation Levante (Eastern Spain)

Office > 600 customers
Santa Cruz de Tenerife (Canary Islands Organisation)

Office > 600 customers
Águilas (Levante Organisation)

Branch geared to Foreigners
Villamartín (Levante Organisation)

Business Centre
Finestrat (Levante Organisation)

Corporate Centre
Vallés Occidental (Catalonia)

Pte. Bkng Centre
Logroño (Navarra, Aragón, La Rioja and Soria Org.)

Zone
Levante South (Levante Org.)

In Central Services:

Risks Area
Madrid Corporate Banking

Central Service
Banking Private

Gneis Service
Quality Document


commu
corporate communication

External Communication

In 2013 Bankinter obtained the best average news score of the seven banks studied, the result of the Bank's easy relationship with the media, based on honesty and transparency, and also of apposite selection of messages, communication formats and spokespersons.

The External Communications Division forms part of the Bank's People Management and Corporate Communication division. This area is responsible for giving form and effect to the Bank's strategic positioning for informing its target audiences, basically through the media. It designs the various strategies, both global and specific, for disseminating the mission, vision and values of the Bank, as well as its key results and actions.

To achieve its communication objectives and ensure its messages arrive correctly and in line with the requirements of the Bank's management, the division decides not only on content but also on the most appropriate spokespersons, recipients and formats for each situation: press releases, press conferences, interviews, working breakfasts, off-the-record encounters, private meetings, management participation in forums, events and conferences, etc., and handles the needs deriving from each of these actions.

The area also provides consulting on communication and training for spokespersons, suggesting messages and action guidelines for the different types of public appearances that the Bank's personnel have to make.

External Communication periodically commissions independent firms to carry out quantitative and qualitative analyses of all news items referring to Bankinter that have appeared in the media, comparing them with those on its main competitors. The information obtained from these reports enables the department to detect any anomalies in the image conveyed and consequently to draw up plans for correction and improvement.

According to this analysis, in 2013 Bankinter obtained the best average score of the seven banks studied, scores being based on how positive the news items were towards the bank.

This is the result of the Bank's easy relationship with the media, based on honesty and transparency, and also of apposite selection of messages, communication formats and spokespersons.

A highlight of 2013 was the implementation of specific communication plans for each of the regional organisations, aimed at fine-tuning the Bank's information and business figures to local media's requirements so as to raise the Bank's profile in the various regions in which it operates.

Corporate Website

The Corporate Website is a very useful management and information tool for the Bank's various stakeholder groups.

The website is divided into six sections in which information can be browsed on different subjects: About Bankinter, Corporate Governance, Regulatory Compliance, Financial Information and CNMV, Corporate Responsibility and Press Room.

For each of these subjects various tabs appear with the content organised as follows:

- **Home:** this is the front page of the corporate website, used to highlight the most important information at any given time.
- **About Bankinter**: this section contains various kinds of information about the Bank, such as its history, company information, organisation chart, Group websites, awards and recognitions obtained and a link to the Brand portal.
- **Corporate Governance**: contains the documents relating to the governance and administration of Bankinter and the effective workings of its Board and its Committees; Articles of Association, Regulations of the General Meeting of Shareholders, Regulations of the Board of Directors, Board Committees, major shareholdings, treasury stock and shareholders' agreements.
- **Regulatory Compliance**: includes the Internal Codes of Conduct, information prepared by our Analysis Department, anti-money laundering (AML) policy and the MiFID, the directive governing European financial markets.
- **Financial information and CNMV**: this section contains all the public financial information. The reports include the Banks' quarterly results, individual and consolidated financial statements, periodic public information, investors' diary, coverage by analysts, ratings and information on ADRs. This section also contains significant events published by the CNMV (the Spanish securities regulator) and information on Bankinter share prices and dividends paid.

- **Corporate Responsibility**: this contains the current Corporate Responsibility Report. There is also a section on the vision, mission and principles of corporate responsibility, including sustainability indices and rankings in which Bankinter features. It also includes information on the Bank's social action activities, its environmental management and the Bankinter Foundation for Innovation.

- **Press Room**: This section contains useful information relating to the media, such as press releases, photo and video galleries, current meeting notices and even a section for requesting information.

Information of an *ad hoc* nature is also published on the Corporate Website:

- The full texts of General Meeting of Shareholders notices and draft resolutions that the Board of Directors will present to the General Meeting are published on the website more than one month before the date of the meeting in question.

- Also, its interactive nature allows shareholders to remotely cast their votes electronically when a General Meeting has been called, or to delegate their votes, if they prefer, and to obtain information on all the items on the agenda, draft resolutions and reports indicated in the Meeting notice.

- The quarterly results presentations can also be accessed online via webcast, questions may be posed in real time and all kinds of information may be requested either from the Shareholders Office, the department of External Communications or Investor Relations.

The contents of the website are openly accessible to all users and available in both Spanish and English at:
webcorporativa.bankinter.com/www/es-es/cgi/ebk+gwc+home

Internal communication

Internal communication is one of the main tools for promoting commitment and cultural integration in a company. Bankinter has wide experience with internal communication initiatives and policies, which in many cases were firsts in the Spanish market. All these actions have made Bankinter a company with a markedly transparent culture in which its employees participate fully. In order to maintain that culture and not to lose the spirit of constant evolution, Bankinter has undertaken an intensive exercise of transforming the main communication activities in the annual calendar.

Internal Channels

One of the most ambitious projects of recent years was completed: the convergence of the Intranet and the Forum in a single environment. The project was successfully carried out by a large multi-discipline team led by Internal Communication but comprising various teams from Gneis, such as: Projects, Digital Channels, User Experience and Technological Innovation; as well as an advisory committee formed by people from the Branch Network, Segments, People Management, Innovation and Operations.

As a result, both channels have migrated to a new technological environment allowing integration and offering Bankinter employees a new concept: an Intranet 2.0.

It has been a process of gradual transformation, to encourage and preserve the participative culture that has always characterised Bankinter and its commercial activity.

In an initial phase, the news publication format was changed to that of the new social tool; then the expert blogs were launched, for the people or areas with most to contribute to the organisation to express their views; and finally the Bank's participation tool, Forum, was transferred to the new tool and a new Intranet site launched.

On this new Intranet, employees have social and participation utilities, such as posting comments on corporate news items, or being guided by the most-read publications. Furthermore, the move from Forum to social tool allows new functionalities to be incorporated, as well as having a much more up-to-date look and feel. It is precisely this new tool that makes the Intranet home page personalised for each user, directly showing the latest publications in the forums to which each user subscribes, as well as the forums most read by employees as a whole.

Another important aspect is the sales orientation of this new Intranet, with direct access from the home page to the Forums of the regional organisations, and a new Sales Information space that gives access, with a single click from the home page, to the latest products and campaigns launched by the Bank.

With the new channels now fully operational, employee participation is massive. On average, nearly 3,500 employees connect each day (85%), with more than 600,000 pages of news, blogs, forums, etc. viewed in December.

Virtual Annual Convention
3,468
employees attended the Convention

Annual convention

In the innovative spirit in which all projects in Bankinter are undertaken, in 2013 we launched an innovativeconvention format: Bankinter's first Virtual Convention.

It was held in an interactive space, which employees accessed with a user name and password. Once inside, they were received by a presenter, who guided them through the different presentations by executives, information on objectives, interactive games, etc. Employees could do the whole tour in one session or visit the convention in sections, receiving alerts on the presentations that they still had pending.

A total of 3,468 employees attended the convention, nearly 85% of the total workforce, with a Net Satisfaction Index (NSI) score of 78 points, top marks going to the innovative format and its convenience. Employees made 2,300 comments in the satisfaction survey, 80% of which were positive.

Children's Christmas Party

At Christmas 2013 the traditional Open House Day in the Tres Cantos building was replaced by a Children's Christmas Party.

The Tres Cantos building was becoming too small for an event of this kind, which was attended by nearly 1,500 people, so we decided on an event totally focused on children: an exclusive session for children of Bankinter employees at the Gran Circo Mundial.

The initiative was a complete success, with a full house of 1,800 (children and adults), enjoying the magic of the circus during the morning of 15 December.

Other activities

Other traditional activities have gradually been adapted to the times, such as the traditional Christmas Card Contest which for the first time was held entirely in digital form. More than 1,200 entrants uploaded their drawings to an online platform, which was subsequently used by the panel to select 15 finalists in the children's section and three winners in the adult category. The three winners in the children's category were chosen by popular vote among all employees.

Another traditional event that has incorporated novel features is the celebration for employees completing 25 years with the Bank. 2013 saw the biggest number of 25-year veterans in the history of Bankinter, a total of 99, and advantage was taken of the occasion to roll out the new format and venue. As well as the traditional visit to the Thyssen Museum, in the 2013 edition we offered our honoured guests an 'al fresco' cocktail party in the recently opened gardens of the Palacete de Castellana. The event was attended by both the Chairman, Pedro Guerrero, and the CEO, María Dolores Dancausa.

The magazine Com.Unica continues its ten-year run, but with a change of format. Instead of being a monthly magazine as before, it now comes out every fortnight, making for lighter and more topical content with a particular focus on anything directly affecting the business.

And of course the department's recurring activities were kept up, including various communication plans for the areas and departments, an employee recognition plan, quarterly meetings with the CEO and various corporate meetings, notable among which in 2013 were the Agents Meeting held in September and the Management Meeting that took place at the end of November.

Social networks

Blog readership Bankinter
39,174
visits in 2013

Bankinter continued to strengthen its presence on social networks during 2013. The Bank has plumped for making social networks a channel of communication with its customers and with the public in general. In parallel with this, the Bank has worked to improve the content transmitted via these channels, increasing both its volume and its attractiveness.

During the year, Bankinter initiated a business-focused plan to identify and exploit the full potential of the social networks in the different areas and departments of the Bank. In addition to the well-established fields of Communication and Marketing facilities, other utilities are being explored in the fields of: Customer Service, CRM, Safety, Innovation and People Management, among others.

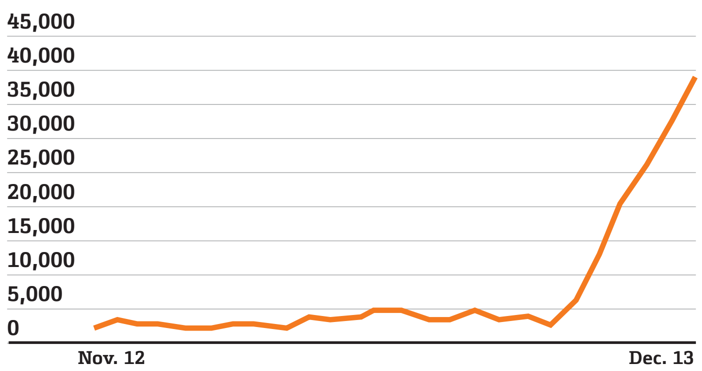
One of Bankinter's central lines of action in the field of the social networks has been to expand the information of interest shared with the community of users. There was a fivefold increase in the number of articles published on the Bankinter Blog, which has become the new nerve centre of content that the Bank considers of interest for society and which it therefore broadcasts through the various social networks.

On this content centre Bankinter makes available to all users, free of charge, a large number of reports, articles and items of information of interest, to help them take the best possible financial decisions.

The content of the blog is complemented with information about the Bank: new products, events, Corporate Social Responsibility (CSR) actions, as well as articles written by employees on the areas they know most about (innovation, IT security and the economy, among others).

Interest in this new content strategy led to a sixfold increase in the number of readers compared with the previous year, with more than 150,000 visits in the year according to Google Analytics.

Trend in Bankinter blog readership (Visits per month)



Followers on Facebook

25,189

a
December 2013

Followers on Twitter

24,389

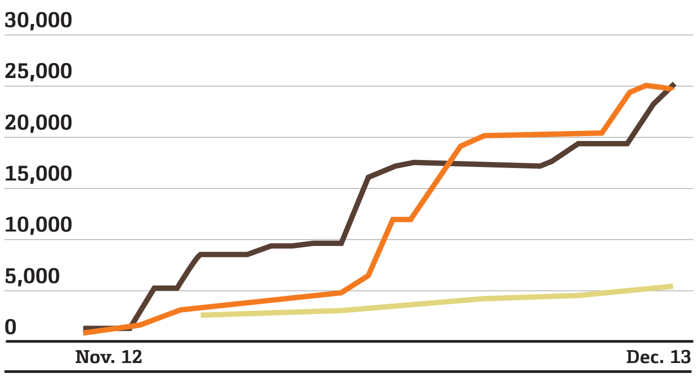
as at
December 2013

Followers on Linkedin

5,615

as at
December 2013

No. of followers of Bankinter on the social networks (Followers)



- Facebook
- Linkedin
- Twitter

Bankinter is present on the main social networks, the most popular being its Facebook channel, with 25,189 fans, and that of Twitter, with 24,389 followers. Growth in the two networks this past year was 47% and 107% respectively. The growth obtained on Twitter led to Bankinter's ending the year as the Bank with the most followers in Spain.

As well as the ongoing activity of Customer Service Department carried on through the social networks, which have become another channel for contact with the Bank's customers, the Bank has also carried out numerous actions. For example, it became the first Spanish bank to conduct an economic Macro Survey on internet surfers' financial outlooks for the new year. Another example was the search for social entrepreneurs through its Friendvestment project. Additionally, it continued with actions such as choosing the NGOs to which the proceeds of the Bankinter Solidarity Visa were to be donated.

In order to promote social networks inside the Bank, Bankinter continued with its Network of Coordinators. This is a group of 30 employees belonging to different areas and departments of the Bank. The objective is to have an advance party of employees on this front. They are informed in advance of the Bank's ideas and actions, they receive training on the social networks and they also act as ambassadors for the social networks within Bankinter.

Links to Bankinter's social network profiles:

http://on.fb.me/TKUsHy

http://bit.ly/VPbKBu

http://bit.ly/ZqTm2B

http://bit.ly/ZH7gCH

http://linkd.in/Xk7QSx

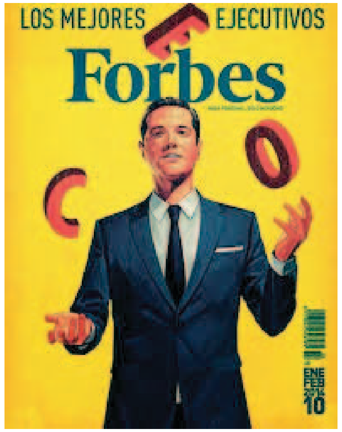
http://bit.ly/U4e0FJ

http://bit.ly/13isiX4

Awards

Effective stakeholder relations are decisive for the Bank's success. Consolidating these relations constitutes the Bank's Corporate Reputation.

During 2013 the Bank received various awards and recognitions:



Brand and Reputation

In the new economic cycle we have entered, the success of companies and their brands depends not just on financial success but also on reputation. In an environment of generally low confidence, the power of brands is transferred from companies to stakeholders. And this happens on the back of reputation, the factor that differentiates one brand from another.

Bankinter sees the management of intangible assets as a key business strategy. This is a differentiating feature that serves as a tool for cementing stakeholders' trust in its brand and reputation. The area's main task is to maintain and strengthen Bankinter's reputation as a strong brand.

The Brand and Reputation area:

- supports and reinforces the feeling of belonging of people working in Bankinter.
- is focused on the business.
- helps the Bank to stay at the forefront of the market.
- contributes visibility to the brand as a different value proposition.
- manages Bankinter's reputation among its audiences.

A number of different studies[1] show that Bankinter has a good reputation among opinion leaders in the various sectors. Bankinter is generally perceived as a small or medium-sized bank with a great capacity for adapting to changing market conditions, modern, original and innovative, with highly professional management, and technologically advanced. These studies also enable us to identify gaps between perception and reality and consequently to fine-tune the messages as necessary for each particular stakeholder group, thus creating value for the Bank.

One of the aspects of this area to which Bankinter is currently giving most attention is that of reputational risk. In close collaboration with the Risks area, the Bank draws up a map of the main reputational risks, thus identifying potential threats. Working from this map, the Bank prepares and regularly updates a number of different crisis plans with which to confront these threats as soon as they arise.

The Reputation area also manages Bankinter's participation in the various award and recognition ceremonies. Those received in 2013 demonstrate that Bankinter is recognised by its various stakeholder groups as a solid and solvent institution. Maintaining this level depends on all the people forming part of the Bank.

(1) Attributes taken from the Reputation Institute's 2012 Report on Bankinter's reputation among opinion leaders; Values taken from PROLIDER (Villafañe & Asociados, May 2013).

Appendices

Information for shareholders and customers

The Statutory Annual Report of Bankinter S.A. is presented at the Annual General Meeting of Shareholders and is available to all the Company's shareholders. The information contained in it covers the period from 01 January 2013 to 31 December 2013 unless otherwise specified. The previous Statutory Report, for 2012, was published on 20 February 2013.

This document, prepared by all the Bank's divisions, is addressed to shareholders, customers and any other stakeholder group that has dealings with the Bank.

Quarterly consolidated earnings reports are published in January, April, July and October and are available to shareholders.

<table>
<tr><th>Service</th><th>Office hours</th><th>Telephone no.</th></tr>
<tr><td>Customer service for customers of Personal and Private Banking and Finance</td><td>8 am to 10 pm Monday to Saturday, except national holidays</td><td rowspan="3">902 132 313</td></tr>
<tr><td>Retail Banking</td><td>9 am to 6 pm Monday to Friday, except national holidays</td></tr>
<tr><td>Insurance specialists</td><td>9 am to 6 pm Monday to Friday, except national holidays</td></tr>
<tr><td>Customer service in English</td><td>9 am to 6 pm Monday to Friday, except national holidays</td><td>902 888 835</td></tr>
<tr><td>Customer Service Support</td><td>9 am to 6 pm Monday to Friday, except national holidays</td><td>900 802 081</td></tr>
<tr><td>Internet technical assistance (particulares.com)</td><td>8 am to 10 pm Monday to Friday, Saturdays from 9 am to 3 pm, except national holidays</td><td>902 365 563</td></tr>
<tr><td>Stock Exchange and Investment Specialists</td><td>8 am to 10 pm Monday to Friday, including national holidays if there are markets</td><td>902 131 114</td></tr>
<tr><td>International Business Specialists</td><td rowspan="3">Monday to Thursday 8.00 a.m. to 6.00 p.m., Fridays 8.00 a.m. to 5.00 p.m.
August. Monday to Friday 8.00 a.m. to 3.00 p.m.
(except national holidays)</td><td>902 882 000</td></tr>
<tr><td>Telephone Banking, Businesses</td><td>902 888 855</td></tr>
<tr><td>Internet technical assistance (empresas.com)</td><td>902 365 656</td></tr>
</table>

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Fax: +34 91 623 44 21
E-mail: rolarte@bankinter.es

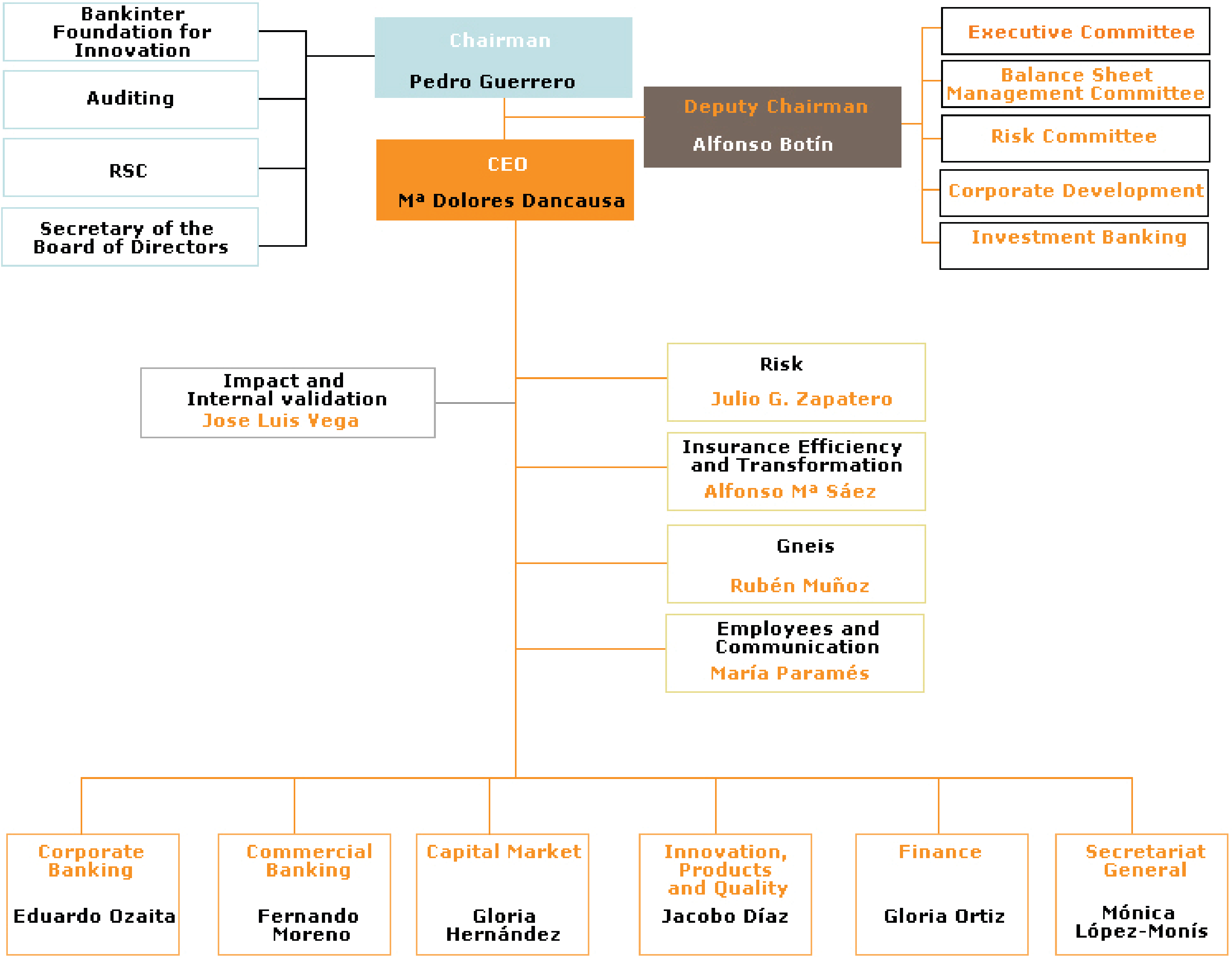
Board of Directors:

The composition of the Board of Directors of Bankinter S.A. is as follows:

Position	Name/Company Name
Chairman	Pedro Guerrero Guerrero
Deputy Chairman	Cartival, S.A.*
CEO	María Dolores Dancausa Treviño
Director	John de Zulueta Greenebaum:
Director	Jaime Terceiro Lomba
Director	Marcelino Botín-Sanz de Sautuola y Naveda*
Director	Fernando Masaveu Herrero
Director	Gonzalo de la Hoz Lizcano
Director	Pedro González Grau
Director	Rafael Mateu de Ros Cerezo
Secretary (non-director) to the Board of Directors	Mónica López-Monís Gallego

* Cartival S.A.: Company represented on the Board of Directors by Alfonso Botín-Sanz de Sautuola y Naveda, representing significant shareholder Jaime Botín-Sanz de Sautuola.
* Marcelino Botín-Sanz de Sautuola y Naveda: Related to significant shareholder Cartival, S.A.

Management Structure



Organisation Managers

Juan Carlos Barbero Maeso	Andalusia
Juan Manuel Castaño Escudero	Canary Islands
Jacobo Cañellas Colmenares	Castilla-La Mancha-Extremadura
Eduard Gallart Sulla	Catalonia
Antonio Berdiel Bitrián	Levante and Balearic Islands
Enrique Becerril Atienza	Madrid Corporate Banking
Marta Centeno Robles	Madrid East
Juan Villasante Cerro	Madrid West
Lucas Peinado Mataix	Navarra - Aragón - Rioja - Soria
Joaquín Da Silva Castaño	North-Western Spain
Juan Manuel Astigarraga Capa	Northern Spain