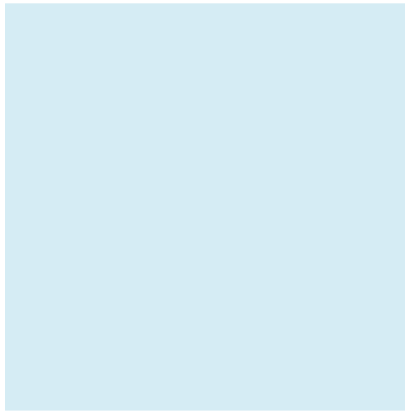
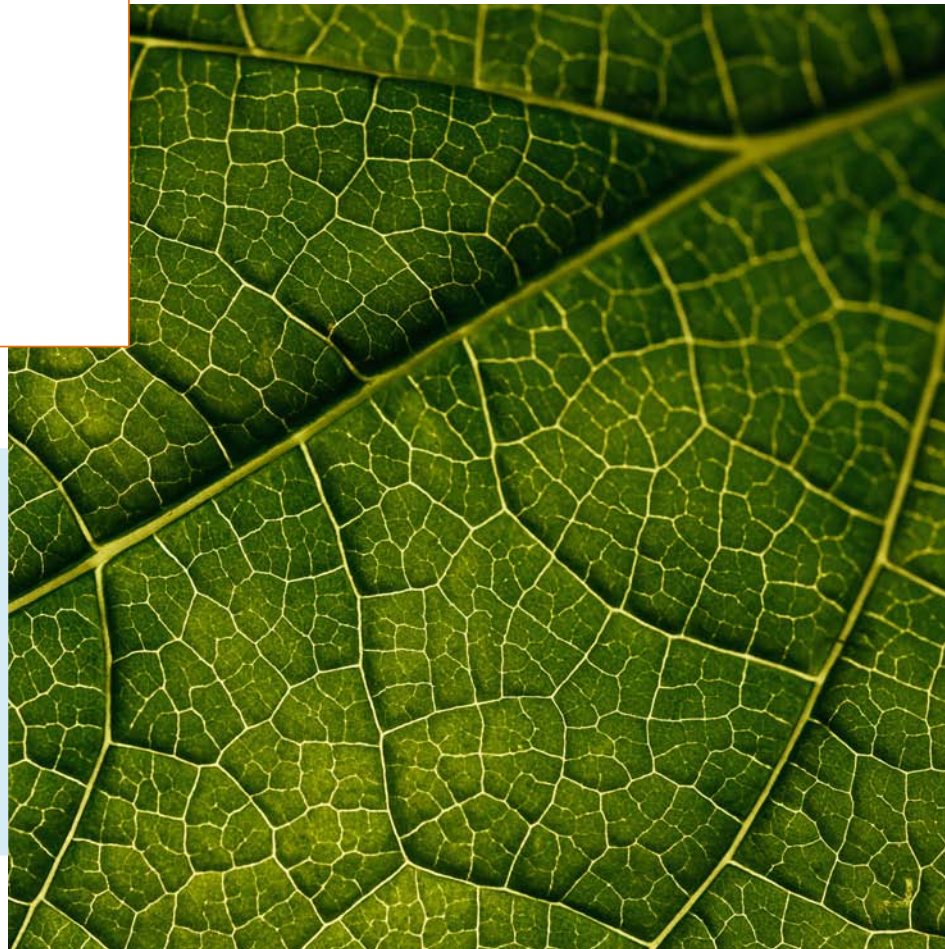


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# 2021 milestones

Net profit  
without Línea Directa

**€437.4**

Mn

+37.9%

Off-balance-sheet managed  
assets

**€39.53**

bn

+26.9%

Capital gains from the  
IPO of Línea Directa

**€895,7**

Mn

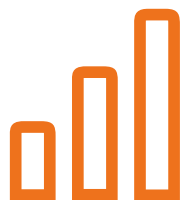
CET1  
fully loaded

**12.1%**

Loans and receivables

**€68.05** bn

+5.7%



Return on  
equity (RoE)

**9.6%**

Operating income

**€1.00**

bn

13.9%

Balances in  
salary accounts

**€14.90**

bn

+17.3%

Non-performing loan  
ratio

**2.24%**

-13 bp

Consumer loans

**€3.5**

bn

+23%

New mortgage  
loans

**€5.9**

bn

+58%



Net interest income

**€1.28**

bn

+2.3%



Investment in Portugal

**€6.9**

bn

+6%

EVO customers

**678,000**

+48%

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# Introduction

## Looking ahead with optimism and basing outlooks on the past

The 2021 Integrated Annual Report provides an overview of a unique year in Bankinter's history. With the consequences of the pandemic on the economy and the financial industry still being felt, the spin-off of Línea Directa Aseguradora (LDA) marked a turning point in the bank's history. The successful outcome of the operation, which means both entities can develop their own separate future strategies adapted to their regulatory environments, shows that Bankinter and LDA have more value as separate entities.

The positive results seen in 2021 show this is a strong strategy. Bankinter's commercial efforts led to the Group seeing a record profit, including the capital gain generated from the Línea Directa IPO. Even without taking into account that capital gain, recurring net profit increased significantly. In addition, all items on the income statement experienced significant growth. Another achievement was the performance of solvency, asset quality, liquidity and profitability ratios, as well as the significant improvement in the share price on the stock market.

This data highlights the strength of the entity's business lines and fills us with hope and ambition for the future. The goal is now to offset the loss of revenue and profits caused by losing the insurance company via organic growth. To do so, we will rely on our diversification strategy and on the great future prospects of some of our business lines. To this end, the role played by the bank in the implementation of European funds will also be key, in our capacity as a solvent financial partner able to channel, advance or supplement grants.

The 2021 Annual Report is also a compendium of the entity's efforts to integrate environmental, social and governance principles into its business strategy. Bankinter renewed its membership of the most prestigious international sustainability indices last year. It is also a member of the Net Zero Banking Alliance, reinforcing its commitment to achieving net-zero emissions in its investment and financing operations by 2050. The bank also offers an extensive catalogue of sustainable products to meet the growing demand of investors. In 2022, Bankinter is developing a roadmap for decarbonising its portfolios. Our aim is to contribute to a greener, fairer and better governed society.



# Interview with the chairman

**Pedro Guerrero**

**'The stress tests at European level demonstrated the soundness of the bank's balance sheet and income statement'**



## **How do you feel the economy performed in 2021?**

Last year saw the commencement of the long-awaited recovery, after the sharp fall suffered by the economy due to the outbreak of the pandemic. Thanks to a better control over the disease, restrictions were eased and activity once again began to pick up. The vaccination process proved to be essential and it should be noted that Spanish society showed its maturity with the vast majority of people participating.

A gradual return to normality allowed for an increase in demand for goods and services that had become stagnant, this in turn brought about high growth rates and a better-than-expected increase in job figures, which had been harshly punished in the first few months of the health crisis. That said, the recovery ran out of steam after the summer due to the appearance of several phenomena that had not been anticipated.

One of these being the difficulty detected around the world in satisfying the need for certain intermediate products, essential in basic sectors of the industry. These bottlenecks were particularly damaging to international trade and this was made evident in the performance of most of the world's economies.

Growth was also hampered by the trend in the energy prices, which in Spain reached levels never seen before. This had an impact on the income statements of companies and also the prices of goods and services offered to the public.

As a result of all this, the majority of the analysts as well as the Public Bodies ( this includes the Banco de España, the European Community and the IMF), revised their forecasts for growth for the economy for 2022 downwards.

The Spanish National Statistics Institute has published its forecast for the Spanish GDP for 2021. According to the provisional data, the Spanish economy grew 5% over the period, the highest rate in the last 21 years, but very much below the Government's forecasts (6.5% and 7.2% in the Budget) and also below pre-covid levels.

Towards the end of the year, consumption tapered off due to the infections by the new Omicron variant, however, the data from the National Statistics Institute offered positive elements such as the quarterly growth in exports (6.5%) and investments in capital goods and machinery (6.1%), reflecting the dynamism of the Spanish business sector.

Another positive surprise was the trend in employment, according to data from the Labour Force Survey for the fourth quarter of 2021, published on 27 January.

## **Do you think the inflationary trends will continue?**

At first, the Central Banks and analysts, almost unanimously, considered it to be a fleeting trend, given the temporary nature of the factors behind it. It was believed that the gradual normalisation of trade flows and the levelling out of energy bills would allow inflation to return to the path that it had previously been following.

However, today there are many doubts given the latest published figures, which are significantly higher than those forecast, even in terms of core inflation. The Federal reserve has announced that it will raise interest rates soon, in 2022, the general consensus is that it will probably increase them at least four times over the year.

It has also suggested that it will terminate the purchase of bonds (*Quantitative Easing*) and this could even reduce its Balance Sheet.

Likewise, the Bank of England has increased its rates twice, to now stand at 0.5% and even the president of the European Central Bank has expressed the institution's concern with regard to inflation that is higher than expected.

In any event, what will be essential is to manage the expectations of the economic agents to impede the creation of a classic inflationary spiral (prices-salaries), which could threaten the potential recovery.

### **So, do you think that the hopes of an economic recovery are well-founded?**

The international organisations seem to think so, provided that the immunisation process against COVID-19 and its variants continues, especially in those countries where the vaccines are not arriving with sufficient fluidity or the social resistance to their use remains very high in spite of the evidence. Even so, they are revising their forecasts downwards just as the IMF has done.

In our area of influence, there are additional circumstances that may contribute to the economy recovering its brisk step. Firstly, I am referring to the European Central Bank's commitment to maintain favourable conditions so private and public agents can access financing. And there is also the European Union *Next Generation* programme, to facilitate the necessary structural changes to ensure long-term growth. I am convinced that if the projects that fall

under the umbrella of this programme are subject to a rigorous selection process and the money arrives where it has to in time, the production sector will not only rebuild itself, but it will become modernised at a much faster pace than under normal circumstances.

### **So, are you optimistic about what 2022 may bring us?**

I want to be optimistic, but I am not going to underestimate the threats and uncertainties to the global economy. I have mentioned a few of them already, such as inflation, and it is also worth emphasising the geopolitical tensions, which are serious and varied, as well as the costs related to the necessary transition.

In the short term, one of the most serious continues to be that we believe that the fight against the virus has been won and we lose that sense of responsibility and prudence that we had during the worst moments of the pandemic.

Obviously, the high contagion capability shown by the new predominant variant, Omicron, is causing widespread concern, although fortunately it seems to be less harmful than the previous variants.

No one wants a return of the mobility restrictions that have changed our lifestyles so much and done so much damage to all sectors of the economy, especially services. But this essentially depends on us and, of course, on the success of the authorities when it comes to finding the necessary balance between preserving health and economic activity.

### **How do you see the financial sector?**

Banks played a significant role during the first year of the pandemic. They prevented the illiquidity, derived from the lack of income due to mobility restrictions, from causing a general crisis in terms of business solvency, which would have been catastrophic. The banks also made a noteworthy effort to strengthen their balance sheets, anticipating a possible increase in non-performing loans.

**'I want to be optimistic, but I do not underestimate the threats and uncertainties that lie in wait for the global economy; we must avoid believing that the fight against the virus has been won'**

**'It is important that the expectations of the economic agents do not contribute to the creation of an inflationary spiral that ends up ruining the potential recovery'**

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Thanks to this, the financial sector faced 2021 solidly, as was shown in the stress tests carried out on the 50 most important banks in the Union during the month of July, under the coordination of the European Banking Authority. All the Spanish groups participating in the tests demonstrated that they had satisfactory levels of capital to face the most adverse theoretical scenario, which foresaw three years of continued depression due to the health crisis.

In these tests, incidentally the most severe ever proposed by the EBA, Bankinter obtained the best mark of all the entities in our country and the third best of the 50 analysed, which demonstrates the soundness of our business model on a European scale, as well as the strength of our balance sheet and income statement and, therefore, our resilience in the face of the severe scenarios proposed.

**'The Spanish financial sector faced 2021 solidly in terms of capital, as was shown in the stress tests carried out by the EBA'**

**The fact that the bank reached 2021 in such good conditions has not been without a cost to the shareholders.**

For much of the last two years, the distribution of dividends and the buyback of shares were suspended based on the recommendation of the ECB. This measure was of a general nature and indiscriminate, which did not take into account the specific situation of each entity. This prevented the normal remuneration to shareholders, which had very unfavourable effects on the stock market valuation of the entire sector.

The ban was lifted when the panorama created by the pandemic began to clear up, so on 1 October 2021 we were able to pay out an interim dividend entirely in cash of 0.13 euros per share charged to the results of the year, not including the capital gain derived from the IPO of Línea Directa. In total, 119.78 million euros were distributed, an increase of 168% compared to the 44.72 million in 2020.

The bank again paid a second dividend on 30 December, charged to the same results for a gross amount of 0.0514 euros per share, representing an amount entirely in cash of 46.26 million euros.

In short, once the limitations on dividends have been lifted, our commitment is to maintain a payout, or percentage of the net profit that is distributed among the shareholders, of 50%, because we believe that the Bank's situation is more than capable of allowing this. To achieve this objective, the Board of Directors will propose the corresponding final dividend before the Annual General Meeting.

**Is the Bank's situation able to cover that remuneration?**

Absolutely. As I mentioned earlier, the results of the stress tests are conclusive. And the performance of the different Bankinter businesses in 2021, which the chief executive officer details on the following pages, was also very good, thanks to the extraordinary work of our

**'Once the limitations on dividends have been lifted, our commitment is to maintain a 50% payout because we believe that the Bank's performance easily allows for this'**

professionals and the growing marketing of high value-added financial products and services, based on innovation and specialisation.

In addition to these realities, the expectations for the bank are encouraging, as demonstrated last year by two of the major ratings agencies. S&P maintained Bankinter's rating at BBB+ in June and raised its outlook a notch from 'negative' to 'stable', as did DBR in November. In both cases, it was considered that the effects of the spin-off of Línea Directa would be offset by an increase in income from banking business and by Bankinter's presence in international markets.

**What role does Sustainability play in the Bank's present and future?**

Acting with integrity, developing equality and non-discriminatory policies, working actively in favour of environmental management and maintaining good relations with stakeholders are factors that, in addition to their deep ethical roots, attract talent, customers and capital. Investors are increasingly looking more favourably at socially responsible companies, because they have been shown to be more profitable. Banking supervisors also share this vision and promote the integration of

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sustainable criteria in all business activities, as shown by the climate stress test that is scheduled to be carried out in 2022.

Bankinter has been aware of the strategic importance of Sustainability for years. In 2009, we were the first in the Spanish banking system to measure our carbon footprint and then register it. Now there is a much greater awareness about this issue, but Bankinter has been a sustainable bank for many years. This strategy is present in all our activity, as part of a plan called 3D, because it is developed around three dimensions: Economic, Environmental and Social.

By way of example, in 2021, Bankinter launched its first green mortgage aimed at financing highly efficient homes from the point of view of combating climate change. We also reached an agreement with Endesa (X) and OHLA to facilitate the energy rehabilitation in neighbouring communities taking advantage of funds from the Next Generation programme. The Bank also created an indicator - a green rating- which measures the vulnerability of its corporate customers to the effects of climate change and launched a new internal initiative, the Bankinter Healthy platform, which promotes healthy lifestyle habits among its employees in Spain, Portugal and Luxembourg.

The result of Bankinter's commitment to sustainability has been its recent renewal in the Dow Jones Sustainability index for the fourth consecutive year, in which the financial and non-financial companies with best practices in the area are listed, along with its inclusion in the Euronext Vigeo Eiris Eurozone 120 ESG index last summer.

In October, the bank joined the Net Zero Banking Alliance, an organisation sponsored by the UN and by the financial industry itself, thus reinforcing its commitment to reach net zero emissions in its investment and financing operations by 2050, in line with the most ambitious goals set by the Paris Climate Agreement. As regards its own emissions, Bankinter has been neutral since 2020.

### How is the Foundation doing?

I don't think I am exaggerating when I say that it has become an essential instrument for anticipating the most important trends of the future in terms of innovation, based on a global, multidisciplinary and disruptive ecosystem of professionals from different fields. These experts generate knowledge that we then share through education and dissemination, in addition to making it a reality by promoting entrepreneurship.

The Foundation's programmes continue to function at a good pace, despite the difficulties caused by the pandemic. In 2021, the Future Trends Forum think tank presented two reports on trust in the digital age and the future of work. More than 143 university students participated in Akademia activities, putting the knowledge acquired in their formative stage into practice. The Startups programme went deeper into the performance of these companies towards becoming scale ups, by gaining in size and capacity for a long-term impact on society. And Cre100do continued with its work to support the best medium-sized companies in Spain, helping them grow through talent, culture, organisation and technology.

'Investors are increasingly looking more favourably on responsible companies and at Bankinter we are aware of the strategic importance of sustainability'

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# Interview with the chief executive officer

María Dolores Dancausa

**'The good results of 2021 demonstrate the success of our strategy'**



**What is your take on the year and what is your assessment of the year's economic results?**

I believe that 2021 has been a very positive year for Bankinter, in which we have achieved a net result of 1.333 billion euros, the highest in our history. This figure includes a capital gain of 895 million euros generated by the spin-off and IPO of our former subsidiary, Línea Directa Aseguradora. Obviously this is a non-recurring profit, but even without taking this capital gain into account, the bank's net profit was 38% higher than the previous year, reaching 437.4 million euros.

This profit is built on the income provided by our different lines of business, all of which have experienced a strong boost in the year, doubtlessly accompanied by a recovery in the economy.

The growth of all margins is a good sign of the greater commercial activity and a sample of the excellent prospects opening up for us in the future. Thus, net interest income reached 1.2753 billion euros, 2.3% more than in 2020, thanks to higher investment volumes and an improvement in spreads, despite the environment of negative rates still affecting us. The gross operating income, which includes all revenues and a series of regulatory costs, amounts to 1.8553 billion euros, up 8.6%, where commissions have performed well, 603 million euros, mostly from products and services that add value to the customer. And as for the operating margin before provisions, which already includes operating expenses, it has exceeded 1 billion

euros for the first time in our history and is 14% higher than in 2020.

All these figures place us in an optimal situation for the coming years and are a sign of a successful strategy and correct positioning in the market.

**'We achieved a net result of 1.333 billion euros in the year, the highest in our history, but even without the capital gains from the Línea Directa operation, the result was 38% higher than the previous year'**

'The growth of all the margins of the account is good proof of the momentum of the commercial activity and a foretaste of the excellent prospects that open up for us in the future'

**How have the different accounting ratios closed the year and how do they compare with the rest of the sector?**

The various ratios with which we obtain profitability, capital adequacy, efficiency or asset quality indicators all give fully satisfactory results. And the comparison for all of them with the rest of the entities in the sector is equally positive. For example, the return on equity, or ROE, excluding the capital gain of Línea Directa, rose to 9.6%, one of the highest among the main Spanish banks. The default rate, another of our traditional strengths, was 2.24%, 13 basis points less than in the previous year. This is all despite the end of the mortgage moratorium period. Another of the most closely monitored ratios, the Capital level, stands at a 'CET1 *fully-loaded*' of 12.1%, much higher than the supervisor's requirements, which for 2022 has been established at 7.726%, so we continue to be placed among the group of Spanish and European entities with the lowest capital requirement.

The best guarantee for all these data is the excellent results obtained by the bank in the stress test carried out by the European Banking Authority. The stress test revealed that in a hypothetical very adverse macroeconomic scenario the Bank would be impacted by only 104 basis points of capital, which translated into a relative position in this 'stress ranking', Bankinter has ranked first among the participating Spanish entities, and third among all European banks examined.

**The spin-off of Línea Directa was the main operation in 2021. How was it carried out and what can we expect from the future performance of the entity without its contribution?**

The spin-off operation of the Bankinter Group and listing on the Madrid Stock Exchange, which was scheduled for 2020 and had to be postponed until 2021 due to the pandemic, has been excellent for both Línea Directa and Bankinter and all its shareholders, who have been rewarded for the efforts made at the time regarding the capital increase we carried out to acquire 100% of the insurance company.

The operation consisted of the distribution of Bankinter's share premium among the shareholders, amounting to 1.184 billion euros, in the form of shares of Línea Directa, and its subsequent listing on the stock market as an independent entity. Given that the company was valued at 1.434 billion, this meant the distribution among the shareholders of 82.6% of the capital, with the bank retaining ownership of the remaining 17.4%. Today the company is worth almost 1.7 billion euros, which reflects the success of the operation. It has been shown that Bankinter and Línea Directa are worth more separately than together. From now on, both companies will be able to develop their strategies independently in their respective regulatory environments, with a capital structure and a dividend policy appropriate to their sector and circumstances.

'The best guarantee for all these data is the excellent results obtained by the bank in the stress test carried out by the European Banking Authority'

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Our challenge now is to offset the results provided by the insurance company with regular and recurring income from banking business. We aim to achieve this by 2023, equalling the figure of 550 million euros reached in 2019, when Línea Directa was an integral part of our accounts as a wholly-owned Bankinter subsidiary.

Such results will be the consequence of greater growth in all lines of banking business, both in the traditional and more mature ones, as well as in the most recent and with greater potential. And of course, they will also be a consequence of economic activity not making the same demands for provisions it did during the years of the pandemic.

**What were the Business units with the most positive performance and on which do you expect to build this greater growth?**

The vast majority of our business lines and customer segments maintained significant growth and we see excellent prospects in all of them. In Commercial Retail Banking, for example, all product categories, both active and passive, recorded high levels of new customer acquisition. The balance of salary accounts, a product that is a source of attracting new customers, rose to 14.9 billion euros from 12.7 billion in 2020; and in the mortgage business we have closed a historic year, with a new production that is 58% higher than last year. The asset management business, a great generator of fees and commissions, has had a brilliant year, especially in investment funds, showing a growth of 30% in the year.

Within Commercial Retail Banking, Bankinter has continued to increase its market share in strategic customer segments, with especially in Private Banking, whose assets under management reached 49.900 billion euros. I would like to highlight the synergies generated between this activity and that of Bankinter Investment, which has become a benchmark in the alternative investment business, as a value proposition in a highly volatile environment.

Turning to the Companies business, its loans and receivables were at almost at the same level as in 2020, which means that it offset the step effect produced by the absence of ICO-backed loans through organic growth.

But there are other types of lines that are going to gain more and more prominence in our results. Bankinter Portugal, for example, whose gross operating income has grown by 10% in the year, already generates 50 million in profit before taxes. Bankinter Consumer Finance has resumed activity thanks to the reactivation of leisure and consumption, and its new production reached 1.5 billion euros. I would also like to highlight the rising mortgage activity of Avant Money, in the Republic of Ireland, and the progress of EVO Banco, which continues to consolidate its position in the segment of younger and digital customers.

**With these results, what do you forecast for the performance of the share price in the coming years?**

It is always audacious to anticipate the performance of the stock markets, because it depends on many factors, many of them undoubtedly associated with the good performance and good management of the company, but many of them more associated with economic performance, geopolitical factors and the appeal typical of the sector as a whole.

For much of the year, bank share prices have been penalised by the economic crisis caused by the pandemic, and linked to it, by the ECB's recommendation to limit the distribution of bank dividends. The green shoots of recovery, driven by the arrival of European funds, the lifting of certain limitations on dividends, the improvement in the results of the banking business and, lastly, the possibility of interest rate hikes by the ECB, have stimulated the performance of bank share prices, including our own, since the beginning of 2022. If we take into account that strong economic growth is expected for both 2022 and 2023 and, in parallel, for Bankinter's business and its results, everything seems to indicate that the share value will continue to trend

**'Our challenge now is to offset the results provided by the insurance company with regular and recurring income from banking business. We hope to achieve this in 2023'**

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upwards. At the close of these lines, Bankinter is already trading above its book value, being the only entity in Spain that is trading at a premium. In this sense, I have full confidence that in the medium term the market will know how to recognise the true value of the entity.

**The reality of the sector continues to be marked by the impact of concentration operations. How do these transactions affect Bankinter and its position in the market?**

Our position on mergers is well known and we are not going to change it. We have been an independent bank for more than half a century and we do not want to enter into this type of operation, because in exchange for a sudden increase in size, not necessarily long-lasting, they cause a lot of wear and tear and only make sense if they really add value, if they allow you to reach other geographies or Business units and if all of this also forms part of your strategic model. Therefore, the opportunity has to be extremely exceptional for it to pay off. It is true that we have made some acquisitions in recent years, with some very specific movements in Portugal, Ireland and Luxembourg. All of them have been a success, but we are not considering merger operations and in spite of that, we continue to grow organically.

**The Spanish economy is pending the execution of the European recovery funds. What role does banking, and Bankinter in particular, play in this process?**

Banking should play a leading role in the execution and distribution of European funds. Not only can we act as channelers, we are also in a position to advance aid to recipients and offer them additional financing if they need it. Thanks to our capillarity and in-depth knowledge of the customer, our contribution could be decisive in getting the funds to act as a catalyst for recovery.

At Bankinter we have set up a specific team to provide an agile response to the needs of our customers. We want to assist companies and give them the financial support they need so that they can start their projects without waiting for the requested aid to be executed. Furthermore many customers are proposing collateral initiatives to us for European funds, although linked to their framework, and at Bankinter we will also support this type of solvent project with additional financing.

**One of the trends in the financial business is the strong performance of the cryptoassets market. What is Bankinter's position on this issue?**

Well, at Bankinter we do not recommend this type of investment asset to our customers because of its high speculative level and the difficulties in measuring and comparing it with other investment assets.

That said, the technology underlying cryptocurrencies, the blockchain technology, offers great benefits, among them the traceability of assets, and we expect it will be successful, so we are going to continue exploring other applications of this technology, particularly from our subsidiary bank EVO, as one of its missions is to act as a laboratory for technological tests and ideas.

**What are the expectations for 2022?**

We hope that this will be the year during which the economic recovery continues, approaching the GDP levels reached in 2019. We also hope that it will be the year in which the demand for credit recovers the levels reached back then.

Of course, there are some uncertainties that remain which could alter the pace of the recovery, including the trends for inflation, interest rates, the non-performing loan ratio, and the always imprecise evolution of the pandemic and the paths it may take, which have surprised us in the past when we already believed that the virus was defeated.

**'Bankinter is already listed above its book value, currently being the only entity in Spain that is listed at a premium'**

Of all these uncertainties, controlling inflation will be the main challenge for the monetary authorities, and the positive performance of multiple economic indicators will largely depend on the successes with which it is faced.

Of the remaining uncertainties mentioned, we will surely see interest rates that gradually leave behind the anomaly of zero or negative rates, but we do not expect their increase to be either rapid or radical, due to the many dependencies that have generated so many stimuli in the economy for so long.

Finally, there is the trend of the non-performing loans once the ICO credits and the benefits of the redundancy plans have reached maturity. It is possible that these will increase slightly, although at Bankinter we have non-performing loans under control thanks to our perseverance in proper credit risk management and a prudent provisioning policy.

In summary, although we are subject to certain uncertainties that are beyond our control, at Bankinter we will continue to focus our activity on the businesses that provide the greatest value for our customers, redoubling our efforts to continue with the profitability figures that have traditionally distinguished us from the rest of the industry.



# Strategy and results

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Integrated Annual Report



# Strategy

## Increased commercial drive in response to the economic recovery



2021 was marked by a recovery in economic activity after a particularly difficult year caused by the pandemic.

The measures put in place by public authorities prevented the damage caused by the economic shutdown from becoming structural. Together with the country's excellent vaccination figures, these measures mitigated the effects of the virus and are behind the recovery of the economy, which was reflected in strong employment figures at the end of the year.

Banks once again demonstrated their importance for recovering economies, facilitating the delivery of assistance and providing financial support for companies and families. As a result, after a difficult year for the business in which entities had to redouble their efforts and bolster their balance sheets in anticipation of future impacts, 2021 saw an improvement in activity and profits in the sector.

Against this backdrop, in its latest stress tests, the European Banking Authority recognised Bankinter as the most robust, solvent and resilient bank in Spain, placing it third in Europe. Underpinned by these strong foundations, the bank has maintained an active commercial strategy, promoting its lines of business to generate higher income to offset the absence of Línea Directa Aseguradora, which left the bank's perimeter at the end of April, following a successful deal that generated positive remuneration for shareholders after distribution of the issue premium.

Bankinter has boosted its activity in the various segments for individual customers, particularly those with higher net worth, with significant growth in the balance sheets of Private Banking and Personal Banking, and in businesses such as mortgages and Asset Management, especially investment funds. The bank has also strengthened its digital investment offering with the launch of Bankinter

Capital Advisor, the first 100% online advisory service. This is aimed at investors who want to invest in funds and build and modify their own portfolios, while receiving recommendations based on their profiles.

The bank has a strong position in the alternative investment business through Bankinter Investment, with the launch of new vehicles and the successful sale of the Helia I renewable energy fund being highlights in the year.

In the Corporate segment, the bank has built on its trusted position by supporting companies in applications for and processing of European support, facilitating their international activity and optimising management with small- and medium-sized enterprises, through a new relationship model adapted to the circumstances and characteristics of each customer.

This strategy of meeting the requirements of each customer, launching new products and services and promoting sales is reflected in the strong figures for recurring business and in the entity's profit, which are detailed in full below.

# Results

**A decade with an annual profit growth rate of 15%**

Bankinter's commercial efforts in a year of strong economic recovery, such as 2021, brought the Group record results. This demonstrates Bankinter's financial strength, the consistency of its value proposition and the potential of some of its lines of business that are starting to thrive and become increasingly diversified.

All margins experienced strong growth, with the pre-provision operating profit reaching record figures: 1.0021 billion euros, 13.9% more than in 2020 and 19% more than in 2019, that is, before the outbreak of the pandemic.

Net profit amounted to 1.3331 billion euros, including the capital gain of 895.7 million euros generated by the successful IPO of Línea Directa Aseguradora (LDA). Excluding this capital gain, the Group's recurring net profit stood at 437.4 million euros (+37.9%).

As a result, Bankinter achieved a CAGR for profit after tax of 15% between 2012 and 2021, despite the low level of earnings in 2020 caused by extraordinary provisions.

**Return on Equity (ROE).** Without taking into account the capital gain from LDA, this stood at 9.6%, compared to 7.03% in 2020, which was the year in which this ratio suffered from the higher provisions made to prevent the macroeconomic environment from worsening due to the health crisis.

**Capital:** The Bankinter capital maintains a CET1 fully-loaded ratio (of the highest quality) of 12.1%, well above the requirements of the European Central Bank, set at 7.68%.

**Non-performing loans.** As at 31 December, the non-performing loans ratio stood at 2.24%, down 13 basis points from the year-earlier figure, with little impact from the end of the mortgage moratoriums. The non-performing loan coverage ratio was 63.56%, an improvement of 302 basis points from year-end 2020.

**Liquidity.** Bankinter has a negative customer funding gap, with a deposit-to-loan ratio of 108.5%.



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## Margins

The stronger commercial activity boosted margins, which in all cases were not just higher than in 2020, but also than in 2019, enabling the Bank to post record revenue figures.

The diversity of the source of revenue and the fact that our business includes activities that have already been consolidated along with new activities, with much greater potential, means we can predict strong figures in future, which will compensate for LDA leaving the Group.

**Net interest income.** Closed the year at 1.2753 billion euros, up 2.3% from 2020, driven by higher volumes and price optimisation, even amid low interest rates.

**Gross operating income.** Up 8.6% from one year ago, reaching 1.8553 billion euros. Revenue from commissions already represents 33% of this margin and totals 603 million (+21%). The bulk of these fees and commissions come from the asset management, brokerage and customer advisory business, all high value-added services.

**Operating profit.** This figure, before taxes, exceeded 1 billion euros for the first time in the bank's history, standing at 1.0021 billion (+13.9% compared to 2020 and +19% compared to 2020), with operating costs growing to 3%.

## Balance sheet

Total assets closed 2021 at 107.5841 billion euros (+11.8%), while customer loans and receivables grew to 68.0488 billion (+5.7%) and retail funds reached 72.4849 billion (+11.7 %).

In Spain, the increase in loans and receivables was 3.9% and that of retail funds was 10.8%, compared to -0.3% and +4.9% for the banking system as a whole, according to data from November.

## Businesses

Bankinter ended 2021 with excellent results in commercial activity in all types of products and businesses and in all markets where it is present.

**Companies.** Loans and receivables amounted to 28,700 million euros, with the portfolio in Spain increasing by 1%, compared with a 1.4% contraction in the sector until November. This improvement was achieved despite the absence of ICO-backed loans, which were very important in 2020. Bankinter's market share increased from 5.3% to 5.4%.

**Commercial Retail Banking.** Strong growth in all customer segments. The Private Banking assets under management amounted to 49.9 billion euros, compared to 42.8 billion in 2020, with 3.6 billion in net new assets. In Retail Banking, growth has been driven by magnificent customer acquisition figures of 107,503 customers, up 20% on the previous year. All commercial retail banking products performed positively. The balance for salary accounts in Spain increased from 12,700 million euros to 14,900 million euros. 2021 was one of the best years ever for Bankinter's mortgage business, with new loans (including EVO Banco) amounting to 5,900 million euros, a 58% increase on the previous year. The mortgage portfolio totalled 31,300 million euros at 31 December, with 8.6% growth in Spain, compared to 1.3% for the sector as a whole, according to figures to November from the Banco de España.

Net interest income

€ **1.28**  
bn

+2.3%



Gross operating income

€ **1.86**  
bn

+8.6%

Operating income

€ **1.00**  
bn

+13.9%

Total assets

€ **107.58**  
bn

+11.8%

Loans and receivables

€ **68,05**  
bn

+15.7%

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**Asset Management.** The bank's commercial and advisory activity resulted in a 26.9% increase in off-balance-sheet managed funds compared to 2020, to 39,533.6 million euros. The improvement was especially significant in investment funds, both proprietary and third party, which increased by 30% to 29,800 million euros, with some products being among the most profitable in their categories.

**Investment banking.** Bankinter Investment, the company responsible for investment banking, has become a benchmark for activities such as alternative investment. It has launched 16 investment vehicles in a wide range of economic sectors, attracting 3,200 million euros of capital from more than 3,000 private banking and institutional customers. The balance for structured financing stands at 4,000 million euros. As a result, Bankinter Investment's gross operating income increased to 187 million euros, from 116 million in 2020.

**Bankinter Portugal.** It made a pre-tax profit of 50 million euros, which is reflected in all of its business indicators and margins. The loan book grew by 6% to 6,900 million euros, while customer deposits increased by 23% to 5,900 million euros. Off-balance sheet assets under management increased by 22%, to 4,400 million euros. Net interest income was 99 million euros (+5%) while gross operating income was 152 million euros (+10%), due to the strong performance of fee income, at 61 million euros.

**Bankinter Consumer Finance** At 31 December, the consumer business brand had a loan book of 3,500 million euros (+23%), with 1,500 million in new production. Consumer loans accounted for 1,900 million euros, with the remainder relating to various types of cards and the mortgages marketed in Ireland. Activity in Ireland, through the Avant Money brand, expanded considerably in 2021, with 1,000 million euros in the loan book at year-end, of which 400 million euros was accounted for by new mortgages. The bank has already become a major player in this market, despite only having started this business there recently. Avant Money's NPL ratio is 0.6%.

**EVO Banco.** Evo is continuing to consolidate its position among the younger and digital customer segments, with 678,000 customers at year-end 2021 and loans and receivables of 1,860 million euros, compared to 1,224 million in 2020. New mortgages amounted to 729 million euros (395 million in 2020). This reflects the level of recovery caused by the digital bank in this business.

Bank has become a benchmark in some activities, e.g. alternative investment.



# CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 2020

(Thousands of euros)

ASSETS	31.12.2021	31.12.2020 (*)
Cash, cash balances at central banks and other demand deposits	22,373,090	15,044,317
<b>Financial assets held for trading</b>	<b>4,038,256</b>	<b>2,158,742</b>
Derivatives	342,071	498,922
Equity instruments	197,862	181,834
Debt securities	1,246,748	400,254
Loans and advances	2,251,575	1,077,732
Central banks	-	-
Credit institutions	2,251,575	1,020,568
Customers	-	57,164
Memorandum items: loaned or pledged	667,722	136,949
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>131,316</b>	<b>119,555</b>
Equity instruments	130,328	118,865
Debt securities	738	690
Loans and advances	250	-
Central banks	-	-
Credit institutions	-	-
Customers	250	-
Memorandum items: loaned or pledged	-	-
<b>Financial assets designated at fair value through profit or loss</b>	<b>-</b>	<b>-</b>
Debt securities	-	-
Loans and advances	-	-
Central banks	-	-
Credit institutions	-	-
Customers	-	-
Memorandum items: loaned or pledged	-	-
<b>Financial assets at fair value through other comprehensive income</b>	<b>2,751,517</b>	<b>2,629,598</b>
Equity instruments	304,893	-
Debt securities	2,446,624	2,629,598
Loans and advances	-	-
Central banks	-	-
Credit institutions	-	-
Customers	-	-
Memorandum items: loaned or pledged	868,516	560,373
<b>Financial assets at amortised cost</b>	<b>76,285,363</b>	<b>72,861,812</b>
Debt securities	7,595,987	7,579,330
Loans and advances	68,689,376	65,282,482
Central banks	-	-
Credit institutions	2,407,309	2,122,461
Customers	66,282,067	63,160,021
Memorandum items: loaned or pledged	7,095,267	4,303,136
<b>Derivatives – hedge accounting</b>	<b>170,077</b>	<b>210,773</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>46,124</b>	<b>195,805</b>
<b>Investments in joint ventures and associates</b>	<b>169,971</b>	<b>109,526</b>
Joint ventures	91,329	36,679
Associates	78,642	72,847
<b>Assets under reinsurance and insurance contracts</b>	<b>-</b>	<b>-</b>
<b>Tangible assets</b>	<b>450,436</b>	<b>455,070</b>
Property, plant and equipment	450,436	455,070
For own use	441,728	435,540
Leased out under an operating lease	8,708	19,530
Assigned to welfare projects (savings banks and credit cooperatives)	-	-
Investment property	-	-
Of which: Leased out under operating leases	-	-
Memorandum items: Acquired under finance leases	130,740	115,221
<b>Intangible assets</b>	<b>269,685</b>	<b>258,075</b>
Goodwill	2,276	2,276
Other intangible assets	267,409	255,799
<b>Tax assets</b>	<b>638,444</b>	<b>380,085</b>
Current tax assets	364,636	110,053
Deferred tax assets	273,808	270,032
<b>Other assets</b>	<b>153,645</b>	<b>120,326</b>
Insurance contracts linked to pensions	-	-
Inventories	-	-
Other assets	153,645	120,326
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>106,184</b>	<b>1,708,409</b>
<b>TOTAL ASSETS</b>	<b>107,584,108</b>	<b>96,252,093</b>

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2021.

(\*) Presented for comparison purposes only.

LIABILITIES AND EQUITY	31/12/2021	31/12/2020 (*)
<b>LIABILITIES</b>	<b>102,731,948</b>	<b>91,287,936</b>
<b>Financial liabilities held for trading</b>	<b>3,696,496</b>	<b>1,382,300</b>
Derivatives	438,795	440,711
Short positions	1,472,331	496,886
Deposits	1,785,370	444,703
Central banks	-	-
Credit institutions	245,677	-
Customers	1,539,693	444,703
Debt securities issued	-	-
Other financial liabilities	-	-
<b>Financial liabilities designated at fair value through profit or loss</b>	<b>-</b>	<b>-</b>
Deposits	-	-
Central banks	-	-
Credit institutions	-	-
Customers	-	-
Debt securities issued	-	-
Other financial liabilities	-	-
Memorandum items: subordinated liabilities	-	-
<b>Financial liabilities at amortised cost</b>	<b>97,809,974</b>	<b>87,472,834</b>
Deposits	87,995,644	78,028,886
Central banks	14,190,714	12,885,116
Credit institutions	3,026,174	2,072,639
Customers	70,778,756	63,071,131
Debt securities issued	7,689,865	7,623,285
Other financial liabilities	2,124,465	1,820,663
Memorandum items: subordinated liabilities	1,693,190	1,167,074
<b>Derivatives – hedge accounting</b>	<b>275,264</b>	<b>482,033</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>1,957</b>	<b>38,775</b>
<b>Liabilities under reinsurance and insurance contracts</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>	<b>419,911</b>	<b>438,511</b>
Pensions and other post-employment defined benefit obligations	1,669	1,265
Other long-term employee benefits	-	-
Pending legal issues and tax litigation	136,609	100,098
Commitments and guarantees given	38,216	37,787
Other provisions	243,417	299,361
<b>Tax liabilities</b>	<b>254,543</b>	<b>220,102</b>
Current tax liabilities	139,054	90,490
Deferred tax liabilities	115,489	129,612
<b>Share capital repayable on demand</b>	<b>-</b>	<b>-</b>
<b>Other liabilities</b>	<b>273,803</b>	<b>264,433</b>
Of which: welfare fund (savings banks and credit cooperatives only)	-	-
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>-</b>	<b>988,948</b>
<b>TOTAL LIABILITIES</b>	<b>102,731,948</b>	<b>91,287,936</b>

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LIABILITIES AND EQUITY (continued)	31/12/2021	31/12/2020 (*)
<b>Shareholders' equity</b>	<b>4,736,621</b>	<b>4,816,054</b>
<b>Capital</b>	<b>269,660</b>	<b>269,660</b>
a) Paid up capital	269,660	269,660
b) Unpaid capital which has been called up	-	-
Memorandum items: uncalled share capital	-	-
<b>Share premium</b>	<b>-</b>	<b>1,184,265</b>
<b>Equity instruments issued other than share capital</b>	<b>-</b>	<b>-</b>
a) Equity component of compound financial instruments	-	-
b) Other equity instruments issued	-	-
<b>Other equity</b>	<b>6,162</b>	<b>7,482</b>
<b>Retained earnings</b>	<b>3,306,854</b>	<b>3,051,137</b>
<b>Revaluation reserves</b>	<b>-</b>	<b>4,806</b>
<b>Other reserves</b>	<b>(12,092)</b>	<b>(14,778)</b>
Reserves or accumulated losses of investments in joint ventures and associates	(12,092)	(14,778)
Other	-	-
<b>(-) Treasury shares</b>	<b>(1,025)</b>	<b>(3,641)</b>
<b>Profit or loss attributable to owners of the parent</b>	<b>1,333,108</b>	<b>317,123</b>
<b>(-) Interim dividends</b>	<b>(166,046)</b>	<b>-</b>
<b>Accumulated other comprehensive income</b>	<b>115,539</b>	<b>148,103</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>57,602</b>	<b>6,200</b>
a) Actuarial gains or (-) losses on defined benefit pension plans	3,272	(976)
b) Non-current assets and disposal groups classified as held for sale	-	7,176
c) Share of other recognised income and expense of investments in joint ventures and associates	-	-
d) Fair value changes of equity instruments measured at fair value through other comprehensive income	54,330	-
e) Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
f) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-
<b>Items that may be reclassified to profit or loss</b>	<b>57,937</b>	<b>141,903</b>
a) Hedge of net investments in foreign operations (effective portion)	-	-
b) Foreign currency translation	-	-
c) Hedging derivatives. Cash flow hedges (effective portion)	(452)	(962)
d) Fair value changes of debt instruments measured at fair value through other comprehensive income	53,951	99,711
e) Hedging instruments (not designated elements)	-	-
f) Non-current assets and disposal groups classified as held for sale	-	37,550
g) Share of other recognised income and expense of investments in joint ventures and associates	4,438	5,604
<b>Minority interests [Non-controlling interests]</b>	<b>-</b>	<b>-</b>
Accumulated other comprehensive income	-	-
Other items	-	-
<b>TOTAL EQUITY</b>	<b>4,852,160</b>	<b>4,964,157</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107,584,108</b>	<b>96,252,093</b>
MEMORANDUM ITEMS: OFF-BALANCE-SHEET EXPOSURES		
Loan commitments given	15,963,920	16,985,633
Financial guarantees given	1,676,285	1,749,716
Other commitments given	8,405,185	7,028,444

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2021.

(\*) Presented for comparison purposes only.

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# CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of euros)

	(Debit)/Credit 31/12/2021	(Debit)/Credit 31/12/2020 (*)
Interest income	1,446,347	1,385,745
Financial assets at fair value through other comprehensive income	58,164	71,069
Financial assets at amortised cost	1,273,523	1,275,012
Other interest income	114,660	39,664
Interest expenses	(171,069)	(138,745)
Expenses on share capital repayable on demand	-	-
<b>A) NET INTEREST INCOME</b>	<b>1,275,278</b>	<b>1,247,000</b>
Dividend income	20,611	19,032
Share of the profit or loss of entities accounted for using the equity method	33,368	28,766
Fee and commission income	787,772	631,565
Fee and commission expenses	(184,313)	(134,805)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	36,073	45,807
Financial assets at amortised cost	32,134	31,156
Other financial assets and liabilities	3,939	14,651
Gains or losses on financial assets and liabilities held for trading, net	16,559	6,017
Reclassification of financial assets out of fair value through other comprehensive income	-	-
Reclassification of financial assets out of amortised cost	-	-
Other gains or losses	16,559	6,017
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	19,401	5,025
Reclassification of financial assets out of fair value through other comprehensive income	-	-
Reclassification of financial assets out of amortised cost	-	-
Other gains or losses	19,401	5,025
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-
Gains or losses from hedge accounting, net	12	63
Exchange differences (gain or loss), net	2,254	(7,813)
Other operating income	28,556	36,928
Other operating expenses	(180,244)	(168,545)
Of which: compulsory transfers to welfare funds (only savings banks and credit cooperatives)	-	-
Income from assets under insurance and reinsurance contracts	-	-
Expenses from liabilities under insurance and reinsurance contracts	-	-
<b>B) GROSS OPERATING INCOME</b>	<b>1,855,327</b>	<b>1,709,040</b>
Administrative expenses	(775,417)	(753,281)
a) Staff expenses	(472,786)	(446,695)
b) Other administrative expenses	(302,631)	(306,586)
Depreciation and amortisation	(77,787)	(75,577)
Provisions or reversal or provisions	(182,835)	(204,766)
Impairment or reversal of impairment and gains or losses on modifications of cash flows of financial assets not measured at fair value through profit or loss or modification gains or losses, net	(263,071)	(425,429)
a) Financial assets at fair value through other comprehensive income	166	567
b) Financial assets at amortised cost	(263,237)	(425,996)
Impairment or reversal of impairment of investments in joint ventures and associates	-	-
Impairment or reversal of impairment on non-financial assets	(7,185)	(2,084)
Tangible assets	(1,142)	-
Intangible assets	(6,046)	(2,082)
Other	3	(2)
Gains or losses on derecognition of non-financial assets	(742)	(1,190)
Negative goodwill recognised in profit or loss	-	-
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(11,581)	(16,174)
<b>C) PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>536,709</b>	<b>230,539</b>
Tax expense or income related to profit or loss from continuing operations	(139,276)	(56,413)
<b>D) PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>397,433</b>	<b>174,126</b>
Profit or loss after tax from discontinued operations	935,675	142,997
<b>E) PROFIT OR LOSS FOR THE PERIOD</b>	<b>1,333,108</b>	<b>317,123</b>
Attributable to minority interests (non-controlling interests)	-	-
Attributable to the owners of the parent	1,333,108	317,123
<b>EARNINGS PER SHARE:</b>		
Basic	1.49	0.35
Diluted	1.46	0.33

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated income statement for the year ended 31 December 2021.

(\*) Presented for comparison purposes only.

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# CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of euros)

	31.12.2021	31/12/2020 (*)
<b>A) PROFIT OR LOSS FOR THE PERIOD</b>	<b>1,333,108</b>	<b>317,123</b>
<b>B) OTHER COMPREHENSIVE INCOME</b>	<b>(32,564)</b>	<b>(39,518)</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>51,403</b>	<b>8,097</b>
a) Actuarial gains or (-) losses on defined benefit pension plans	6,029	5,159
b) Non-current assets and disposal groups held for sale	(9,567)	9,567
c) Share of other recognised income and expense of investments in joint ventures and associates	-	-
d) Fair value changes of equity instruments measured at fair value through other comprehensive income	52,875	(3,627)
e) Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	-	-
f) Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
g) Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
h) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-
i) Income tax relating to items that will not be reclassified	2,066	(3,002)
<b>Items that may be reclassified to profit or loss</b>	<b>(83,967)</b>	<b>(47,615)</b>
<b>a) Hedge of net investments in foreign operations [effective portion]</b>	<b>-</b>	<b>-</b>
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>b) Foreign currency translation</b>	<b>-</b>	<b>-</b>
Translation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>c) Cash flow hedges [effective portion]</b>	<b>727</b>	<b>(1,414)</b>
Valuation gains or (-) losses taken to equity	727	(1,414)
Transferred to profit or loss	-	-
Transferred to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
<b>d) Hedging instruments [not designated elements]</b>	<b>-</b>	<b>-</b>
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>e) Debt instruments at fair value through other comprehensive income</b>	<b>(65,365)</b>	<b>(117,052)</b>
Valuation gains or (-) losses taken to equity	(61,544)	(64,605)
Transferred to profit or loss	(3,821)	(6,544)
Other reclassifications	-	(45,903)
<b>f) Non-current assets and disposal groups held for sale</b>	<b>(50,067)</b>	<b>50,067</b>
Valuation gains or (-) losses taken to equity	(50,067)	4,164
Transferred to profit or loss	-	-
Other reclassifications	-	45,903
<b>g) Share of other recognised income and expense of investments in joint ventures and associates</b>	<b>(1,166)</b>	<b>65</b>
<b>h) Income tax relating to items that may be reclassified to profit or (-) loss</b>	<b>31,904</b>	<b>20,719</b>
<b>C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,300,544</b>	<b>277,605</b>
Attributable to minority interests (non-controlling interests)	-	-
Attributable to the owners of the parent	1,300,544	277,605

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2021.

(\*) Presented for comparison purposes only.

# CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of euros)

	Share capital	Share premium	Equity instruments issued other than share capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Minority interests	Accumulated other comprehensive income	Other items	Total
<b>Closing balance at 31/12/2020</b>	269,660	1,184,265	-	7,482	3,051,137	4,806	(14,778)	(3,641)	317,123	-	148,103	-	-	-	4,964,157
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opening balance 01/01/2021</b>	269,660	1,184,265	-	7,482	3,051,137	4,806	(14,778)	(3,641)	317,123	-	148,103	-	-	-	4,964,157
Total comprehensive income for the period	-	-	-	-	-	-	-	-	1,333,108	-	(32,564)	-	-	-	1,300,544
<b>Other changes in equity</b>	-	(1,184,265)	-	(1,319)	255,716	(4,806)	2,686	2,616	(317,123)	(166,046)	-	-	-	-	(1,412,541)
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital reductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration)	-	(1,184,265)	-	-	-	-	-	-	-	(210,769)	-	-	-	-	(1,395,034)
Purchase of treasury shares	-	-	-	-	733	-	-	(48,836)	-	-	-	-	-	-	(48,103)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	51,452	-	-	-	-	-	-	51,452
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	272,400	-	-	-	(317,123)	44,723	-	-	-	-	-
Increases or decreases in equity arising from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	(1,319)	-	-	-	-	-	-	-	-	-	-	(1,319)
Other increases or (-) decreases in equity	-	-	-	-	(17,417)	(4,806)	2,686	-	-	-	-	-	-	-	(19,537)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance at 31/12/2021</b>	269,660	-	-	6,163	3,306,853	-	(12,092)	(1,025)	1,333,108	(166,046)	115,539	-	-	-	4,852,160

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2021



# CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of euros)

	Share capital	Share premium	Equity instruments issued other than share capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Minority interests		Total
<b>Closing balance at 31.12.2019 (*)</b>	<b>269,660</b>	<b>1,184,265</b>	-	<b>12,567</b>	<b>2,762,882</b>	<b>4,716</b>	<b>4,252</b>	<b>(1,222)</b>	<b>550,665</b>	<b>(175,442)</b>	<b>187,621</b>	-	-	<b>4,799,964</b>
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opening balance at 1.1.2020</b>	<b>269,660</b>	<b>1,184,265</b>	-	<b>12,567</b>	<b>2,762,882</b>	<b>4,716</b>	<b>4,252</b>	<b>(1,222)</b>	<b>550,665</b>	<b>(175,442)</b>	<b>187,621</b>	-	-	<b>4,799,964</b>
Total comprehensive income for the period	-	-	-	-	-	-	-	-	317,123	-	(39,518)	-	-	277,605
<b>Other changes in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,085)</b>	<b>288,255</b>	<b>90</b>	<b>(19,030)</b>	<b>(2,419)</b>	<b>(550,665)</b>	<b>175,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(113,412)</b>
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital reductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration)	-	-	-	-	-	-	-	-	-	(87,757)	-	-	-	(87,757)
Purchase of treasury shares	-	-	-	-	(340)	-	-	(59,003)	-	-	-	-	-	(59,343)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	56,584	-	-	-	-	-	56,584
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	287,466	-	-	-	(550,665)	263,199	-	-	-	-
Increases or decreases in equity arising from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	(5,085)	-	-	-	-	-	-	-	-	-	(5,085)
Other increases or (-) decreases in equity	-	-	-	-	1,129	90	(19,030)	-	-	-	-	-	-	(17,811)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance at 31.12.2020 (*)</b>	<b>269,660</b>	<b>1,184,265</b>	-	<b>7,482</b>	<b>3,051,137</b>	<b>4,806</b>	<b>(14,778)</b>	<b>(3,641)</b>	<b>317,123</b>	<b>-</b>	<b>148,103</b>	-	-	<b>4,964,157</b>

(\*) Presented for comparison purposes only.

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of euros)

	31.12.2021	31/12/2020(*)
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,050,834</b>	<b>8,538,308</b>
Profit or loss for the period	1,333,108	317,123
Adjustments to obtain cash flows from operating activities	(182,434)	860,390
Depreciation and amortisation	77,787	75,577
Other adjustments	(260,221)	784,813
<b>Net increase/(decrease) in operating assets</b>	<b>5,615,322</b>	<b>4,355,843</b>
Financial assets held for trading	1,879,514	(1,689,408)
Non-trading financial assets mandatorily at fair value through profit or loss	11,511	(10,748)
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	(140,270)	(1,816,622)
Financial assets at amortised cost	3,599,962	7,946,282
Other operating assets	264,605	(73,661)
<b>Net increase/(decrease) in operating liabilities</b>	<b>11,877,918</b>	<b>11,837,451</b>
Financial liabilities held for trading	2,314,196	(1,441,548)
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortised cost	9,971,341	13,296,974
Other operating liabilities	(407,619)	(17,975)
<b>Income tax recovered/(paid)</b>	<b>(362,436)</b>	<b>(120,813)</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(63,908)</b>	<b>(120,860)</b>
<b>Payments</b>	<b>(121,156)</b>	<b>(189,627)</b>
Tangible assets	(18,304)	(17,911)
Intangible assets	(49,019)	(68,773)
Investments in joint ventures and associates	-	-
Subsidiaries and other business units	(53,833)	-
Non-current assets and liabilities classified as held for sale	-	(102,943)
Other payments related to investing activities	-	-
<b>Proceeds</b>	<b>57,248</b>	<b>68,767</b>
Tangible assets	7,685	-
Intangible assets	-	-
Investments in joint ventures and associates	-	228
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	49,563	68,539
Other proceeds related to investing activities	-	-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>341,847</b>	<b>219,823</b>
<b>Payments</b>	<b>(459,605)</b>	<b>(186,761)</b>
Dividends	(210,769)	(87,758)
Subordinated liabilities	(200,000)	(40,000)
Redemption of own equity instruments	-	-
Acquisition of own equity instruments	(48,836)	(59,003)
Other payments related to financing activities	-	-
<b>Proceeds</b>	<b>801,452</b>	<b>406,584</b>
Subordinated liabilities	750,000	350,000
Issuance of own equity instruments	-	-
Disposal of own equity instruments	51,452	56,584
Other proceeds related to financing activities	-	-
<b>D) EFFECT OF EXCHANGE RATE CHANGES</b>	<b>-</b>	<b>-</b>
<b>E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>7,328,773</b>	<b>8,637,271</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>15,044,317</b>	<b>6,407,046</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>22,373,090</b>	<b>15,044,317</b>
Of which: Interest received	1,317,773	1,413,935
Of which: Interest paid	198,439	168,193

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated statement of cash flows for the year ended 31 December 2021.

(\*) Presented for comparison purposes only.

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# Share price

## Most profitable year

The growth in business results, excess liquidity in the economy and still expansionary monetary policies favored a general improvement in stock markets around the world in 2021. Although the last quarter was affected by the expansion of the Omicron variant of the coronavirus, the Ibex 35 index experienced a rise of 7.9% compared to the end of the previous year, with financial stocks clearly recovering, due, among other things, to the forecasts of rising interest rates, not yet confirmed by the Central Bank European (ECB).

In this scenario, Bankinter's share behaved extraordinarily and increased its profitability more than in any other year, thanks to the positive impact of the spin-off of Línea Directa in April. Shareholders who kept their shares in the bank and the insurance company throughout 2021 obtained a joint dividend yield of more than 5.3%, which represents a growth of 31% over the dividends distributed by Bankinter alone in 2019. In addition, dividend investment increased by 38%, including both shares, while the average for banks listed in Spain stood at 31% (the same percentage lost in 2020).

The Bank's market capitalisation at 31 December 2021 stood at 4.053 billion euros.

## Share capital

At the end of 2021, Bankinter, S.A.'s share capital was represented by 898,866,154 fully subscribed and paid shares with a par value of 0.30 euros each. All the shares are represented by book entries, admitted for listing on the Madrid and Barcelona Stock Exchanges and traded on the Spanish continuous market.

Bankinter had 58,632 shareholders at 31 December. Residents in Spain held 55% of the share capital and non-residents the remaining 45%. Registered shareholders with more than 5% of the share capital are detailed in the table below.

Key data and ratios for Bankinter shares in 2021 are detailed in the tables on the next page.

Performance (%)

**+31%**

over the dividends  
distributed by  
Bankinter only in 2019



Shareholders

**58,632**



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## Shareholders with significant holdings. 31/12/2021

Name	Total shares	%
Cartival, S.A.	208,426,443	23.19
Corporación Masaveu, S.A.*	44,959,730	5.00

## Shareholder structure by number of shares

Tranches	No. of shareholders	%	No. of shares	%
From 1 to 100 shares	15,379	26.23	249,056	0.03
From 101 to 1,000 shares	19,525	33.30	9,850,410	1.10
From 1,001 to 10,000 shares	20,038	34.18	66,531,895	7.40
From 10,001 to 100,000 shares	3,404	5.80	80,386,191	8.94
More than 100,000 shares	286	0.49	741,848,602	82.53
<b>Total</b>	<b>58,632</b>		<b>898,866,154</b>	

## Summary by type of shareholder

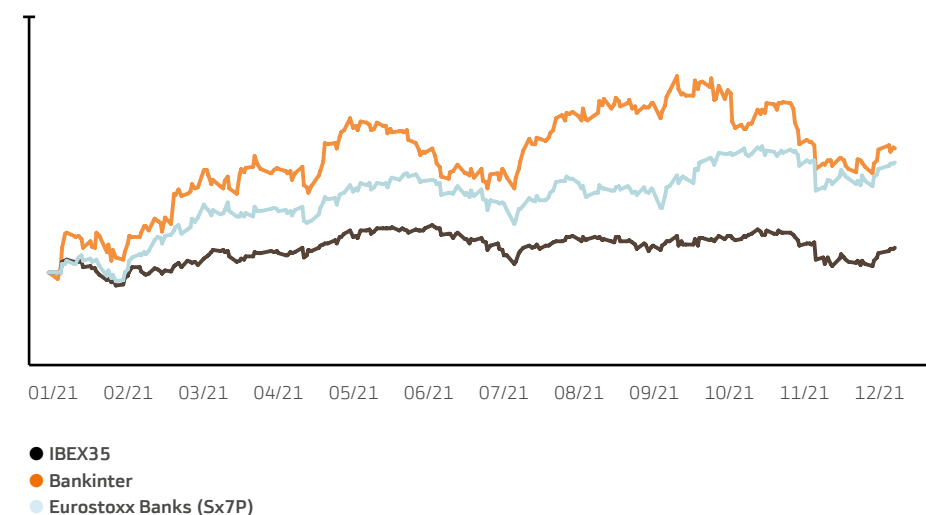
Type	No. of shareholders	%	No. of shares	%
Residents	57,809	98.60	492,608,072	54.80
Non-residents	823	1.40	406,258,082	45.20
<b>Total</b>	<b>58,632</b>		<b>898,866,154</b>	

## Data per share for the period, at 31.12.2021 (euros)

Earnings per share	1.46
Dividend per share	0.23
Book value per share	5.40
Share price at beginning of period	4.42
Minimum intraday share price	4.04
Maximum intraday share price	6.06
Last share price	4.51
Performance over last 12 months (%)	1.92
Performance over the last 12 months adjusted by share premium distribution (%)	38.28

(\*) This percentage of Bankinter's share capital owned by Corporación Masaveu is part of the indirect voting rights held on the Bank's share capital by Bankinter director, Fernando Masaveu. Fernando Masaveu directly and indirectly holds 5.29% of the voting rights of Bankinter's share capital.

## Share price Relative performance (%) last 12 months (Dec-20 base 100)



## Stock market ratios at 31.12.2021

Price/book value (times)	0.84
PER (price/earnings, times)	9.26
Dividend yield (%)	5.20
Number of shareholders	58,632
Number of shares	898,866,154
Number of shares of non-residents	406,258,082
Average daily trading volume (number of shares)	2,871,919
Average daily trading volume (thousands of euros)	14,201
<b>Market capitalisation (thousands of euros)</b>	<b>4,052,987</b>

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## Dividend policy

Bankinter resumed its dividend policy on 1 October, the day the ECB ended its recommendation to the banks not distribute dividends. A first payment of 0.133 euros per share was made and later another was made in the amount of 0.051 euros per share.

These two interim dividends on the 2021 income statement will be complemented by the final dividend approved at the 2022 Annual General Meeting as suggested by the Board of Directors at its previous meeting.

Dividends distributed and distributable charge to profit for 2021, excluding treasury shares held by the Bank:

## American Depositary Receipts (ADR)

Bankinter has a Level 1 ADR programme managed by Bank of New York-Mellon, with 68,048 ADRs outstanding at the end of 2021. This allows US residents to invest in foreign companies through a US dollar-denominated product and to receive dividend payments in their own currency.

### Distribution of dividends

Deposit date	Dividend per share (euros)	No. of shares	Treasury shares	Shares with voting rights	Amount (euros)	Corresponding year
Oct-21	0.13328659	898,866,154	200,000	898,666,154	119,780,147	2021
Dec-21	0.05148231	898,866,154	200,000	898,666,154	46,265,410	2021
Mar-22*	0.05857824	898,866,154	200,000	898,666,154	52,642,282	2021
<b>Total</b>	<b>0.24334714</b>				<b>218,687,839</b>	

\*Final dividend subject to its approval at the Annual General Meeting, first convened for 23 March 2021.



# Shareholders' Office

## Information in advance

The 'You First' programme has been used for several years to ensure that news about items such as dividend payments, quarterly results or significant event notices about the Bank published with the Spanish National Securities Market Commission reach Bankinter shareholders before they are seen by anybody else.

This programme forms one of the pillars of the Shareholders' Office and also addresses the proposals and clarifications submitted to it in relation to the current share price or share history, dividend amounts and payment dates, the content of the corporate report and details on annual general meetings.

The Office performs two other fundamental tasks: inform internal stakeholders and supervisors about shareholder composition and ensure adherence to the Securities Market Code of Conduct, which the Bank's employees must observe with regard to Bankinter's actions.

The Bank operates in harmony with other European markets in terms of contracting and reporting processes, following the implementation of the reform of the securities clearing, settlement and registration system in Spain.

## 2021 Annual General Meeting

On 21 April 2021, the annual general meeting took place in person and online. The quorum for participation was 74.60%, in line with previous years and with the average for Ibex 35 companies. All items on the agenda were approved by a large majority.

Despite being held in dual format and with a reduced number of attendees due to the health crisis, the Meeting unfolded as usual and without any incidents of note.



# Investor relations

## In permanent contact

Bankinter's relationship with its investors has always been guided by the principles of equality, rigour and transparency inherent to the bank's culture and required by regulators. Bankinter therefore provides its investors with relevant and high-quality information about performance of the various businesses, as well as new strategies, both for each type of business and for each geography. In 2021, some of the actions developed to fulfil this corporate commitment include:

- The quarterly appointment (in January, April, July and October) remained unchanged to present the Group's results to the investment community via webcast and teleconference. Between 150 and 200 financial analysts and institutional investors, both national and international, usually attend this type of meeting, and there is a Q&A.
- Despite the difficulties in mobility, Bankinter continued to be present, albeit remotely, at the most important international conferences and seminars organised by brokerage firms and investment banks. It has therefore been possible to maintain direct and close contacts with all stakeholders (institutional investors, portfolio managers, financial analysts, and private bankers) to inform them of business performance and the impact of the COVID-19 effects on each of these businesses.
- Almost 300 normal meetings were also held online with institutional investors and financial analysts, both individually and in groups, organised either by brokers or by the corporate access departments of the relevant institutions.
- Visits to investors and potential investors in various international financial capitals (New York, London, Paris, Frankfurt, Zurich, etc.) were cancelled until the situation stabilised and with the assurance that as soon as a 'new normal' is restored, the relevant roadshows will take place.

As of 31 December 2021, 45% of the bank's shares were held by non-resident and institutional investors, a slightly lower percentage than in previous years, which is expected to change when the health situation improves, in order to continue expanding the geographic shareholder base with new markets, such as the West Coast of the United States or Asia

## Sustainability (ESG)

After a few years acting in parallel, Investor Relations and the Sustainability area began to establish common criteria in 2020 to facilitate a permanent and uniform flow of information between the bank and the different interest groups to respond to their growing demand and sensitivity in relation to with matters such as good corporate governance, environmental protection or respect for social issues.

There is currently an increasing number of specialised agencies, as well as proxy advisors (firms that advise institutional investors on vote management at shareholders' meetings), which prepare rankings, reports and sustainability indices. Bankinter appears in most of them as one of the most sustainable companies in Spain and in the financial sector on a global scale.

As recognition of our good sustainability management, the Bank was included for the fourth consecutive year (2021) in the European and World Index of the Dow Jones Sustainability Index. Bankinter's achievement is doubled because most of the institutions included in this index have much larger budgets, due to their size.

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# Rating

## Improved outlook

Bankinter once again confirmed its ability to improve its financial solvency, liquidity, asset quality and profitability ratios in 2021, as evidenced by the upgrade from 'negative' to 'stable' in the outlook applied by the rating agencies S&P Global and DBRS, after the mandatory annual review. Good ratings help Bankinter reduce financing costs in the markets and preserve the bank's privileged position in relation to its competitors in this area.

Bankinter's credit ratings as of 31 December 2021 were as follows:

### Moody's Ratings Limited.

The long-term issuer credit rating is Baa1, the short-term rating is P-2, and the outlook on both ratings remains at

**stable**

### S&P Global Ratings.

The long-term issuer rating is BBB+ and the short-term rating is A-2, with both ratings getting an improved outlook of

**stable**

### DBRS Morningstar.

The long-term rating is A (low) and the short-term rating is R-1 (low). It also decided on an outlook improvement to

**stable**



# Own funds

## Maintaining resilience and solvency in an environment of uncertainty



Many of the most developed economies in the world recovered their pre-pandemic growth levels in 2021, although Spain did not, despite the notable improvement in the economy.

With regard to the financial system, the European Banking Authority (EBA), in its December 2021 report, wrote about the existence of certain vulnerabilities linked to uncertainty over the credit granted within the framework of the support measures for Covid-19, the potential withdrawal of stimuli by central banks to curb inflationary pressures and a possible bubble in the value of certain assets.

In this context, the EBA, in collaboration with the European Central Bank (ECB) and the European Systemic Risk Board (ESRB), carried out its stress tests on the main entities in the banking sector in a hypothetical very adverse macroeconomic scenario. Bankinter achieved excellent results, which placed it as the strongest and most solvent Spanish bank and third among all the entities analysed.

To compensate for the potential effects of the COVID-19 pandemic on the financial system, and boost recovery, the ECB approved a series of regulatory changes to the regulations on the solvency of credit institutions, which included specific measures to positively contribute to capital ratios and to the provision of credit to the economy, such as support schemes for SMEs and infrastructure.

In addition, the European Central Bank (ECB) announced that banks may temporarily operate below the capital level defined as Pillar 2G (Pillar 2 Guidance) and the capital conservation buffer. These temporary measures were reinforced by the relaxation of the countercyclical capital buffer by the national macroprudential authorities. Similarly, it was stated that banks could partially meet the Pillar 2 (P2R) requirement with lower quality capital instruments, Additional Tier 1 (AT1) or Tier 2 (Tier2) capital.

Finally, and given the persistent uncertainty about the future economic impact of the pandemic, the ECB recommended that credit institutions exercise extreme caution when distributing cash dividends and paying variable remuneration to their employees.

All this, together with Bankinter's business model and its prudent risk and capital management policy, allowed the Group to operate with comfortable levels of high quality capital that are well above the requirements of the regulatory authorities and supervisors, despite the current economic context.

In 2021, Bankinter maintained the active management of its capital as one of its strategic priorities. The aim was to reinforce its position in terms of capital adequacy and to be able to face the economic effects of the pandemic, while preserving the flow of credit to the real economy with no major impact on its capital ratios. All the above, while considering the effects of the distribution in kind to shareholders of Bankinter's share premium, in the form of shares of the Group's insurance company, Línea Directa Aseguradora (LDA), and its subsequent listing on the stock market, which took place in April.

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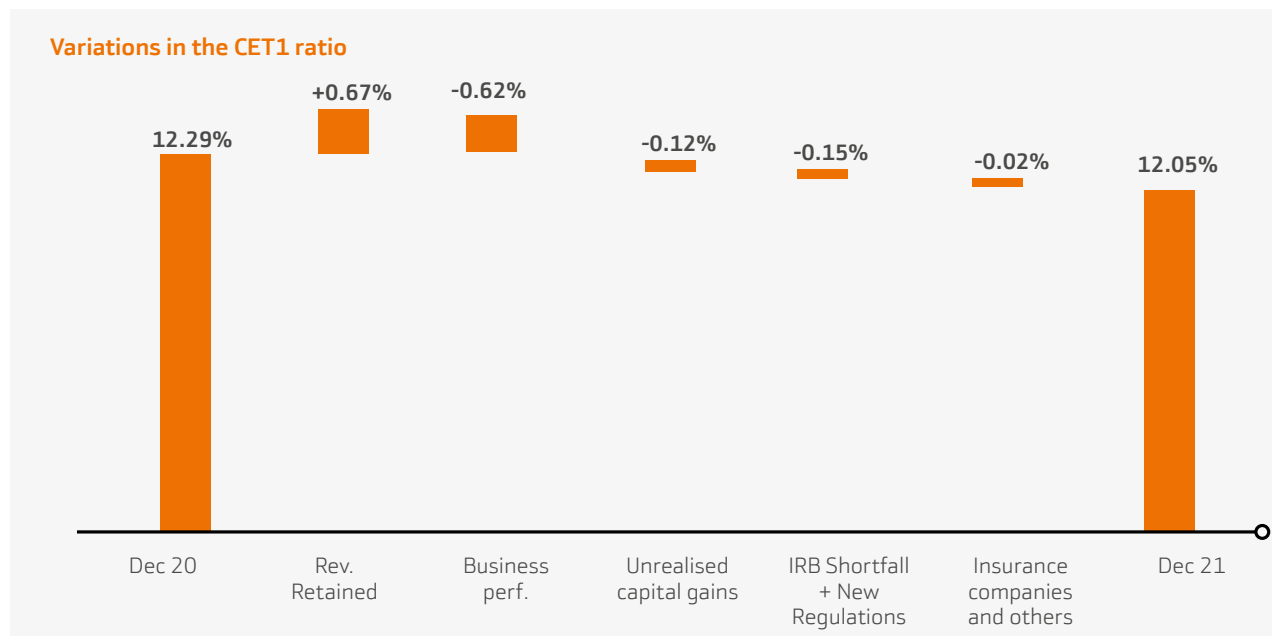
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## Recovery of the dividend policy

In addition, thanks to the good results of its evaluation by the supervisor and the EBA stress test exercise, Bankinter was able to resume its traditional policy of distributing dividends, resuming its payout level of 50% of the recurring earnings for the year, after the limitation on the distribution of dividends imposed at the start of the pandemic was lifted.

The highest quality capital of the Group, the CET1 ratio (ratio between ordinary Tier 1 capital and risk-weighted assets) stood at 12.05% at the end of 2021, 24 basis points below the ratio of the previous year. This was due to the high level of loans and receivables in the year, impacts due to regulatory changes in the definition of default, the estimation of the risk parameters of the loan book, the return to its usual policy of distributing cash dividends and the spin-off of LDA.

This level is well above the minimum ordinary capital requirement (CET1) established by the ECB for Bankinter Group in 2021 and which stood at 7.675% (the same as in 2020). The total capital ratio stood at 15.39%, also well above the total capital requirement established by the ECB for 2021 of 11.70%.



The good results for the year, together with the impact of the spin-off of LDA, led to 67 basis points being retained in capital after the distribution of dividends.

The demand for credit throughout the year experienced strong growth both in terms of corporate exposure and in private mortgages. The introduction of support for SMEs and infrastructures brought about a flow of credit with decreased capital consumption. Other businesses also experienced growth in the year, with an increase in capital consumption due to market risk and operational risk. Changes in the business decreased the CET1 capital by 62 basis points.

The unrealised capital gains of the ALCO portfolio were gradually reduced by the evolution of the market and, although still positive, they caused a reduction of 12 basis points in the CET1.

Other effects impacted capital by 2 basis points.

In light of the improvement in market conditions in 2021, Bankinter issued 750 million euros of subordinated debt eligible as Tier 2 in mid-June 2021 to strengthen its capital base. The issue allowed the bank to supplement the capital levels that can be covered by this type of instrument and release higher quality capital (CET1) to improve its buffer, which is above regulatory requirements. In addition, this issue will make it possible to replace the Tier 2 subordinated debt of 500 million euros that was issued in 2017 and that has an early repayment clause from April 2022.

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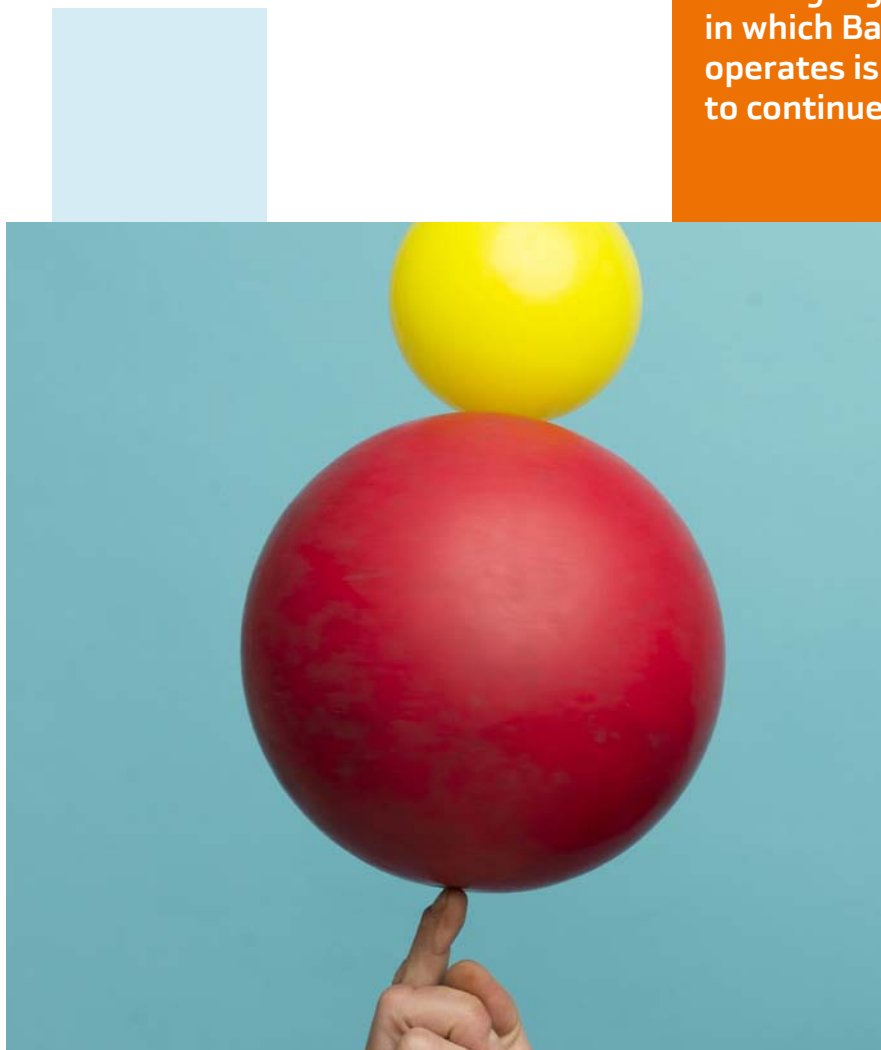
## The MREL buffer

In December 2020, the bank received the communication of the Minimum Requirement for Eligible Liabilities (MREL) set by the Single Resolution Board for 2021. According to said communication, Bankinter would have to reach from 1 January 2022 (binding intermediate requirement) a buffer of instruments with a loss-absorbing capacity of 16.18% of the Group's consolidated risk-weighted assets and 5.28% of the exposure to the leverage ratio. Thanks to the generation of organic capital, balance sheet management and the issuance of 750 million euros of subordinated debt, the level of eligible instruments (e.g. MREL) stood at 21.69% as of 31 December last year (19.19% not including the capital required to cover the combined buffer requirement, which represents 2.5% of risk-weighted assets) and 8.13% of the exposure to the leverage ratio.

## Outlook

For the 2022 financial year, the bank still seeks to generate organic capital growth so that it can operate with comfortable ratios higher than those established by the supervisor and to maintain its normal dividend policy, with 50% cash distribution of earnings. During 2022, despite uncertainties, the economic recovery of the geographies in which Bankinter Group operates is expected to continue. The bank's aim is to provide credit to the real economy so as to contribute to this recovery, with a return-risk trade-off that allows it to preserve its solvency, its profitability and its risk profile.

During 2022, despite uncertainties, the economic recovery of the geographies in which Bankinter operates is expected to continue.



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# Corporate Banking

## Increase in market share and planning for European funds

2021 was a complicated year for the Corporate Banking business, which grew less than expected due to various environmental circumstances:

- The macroeconomic scenario was less favourable than expected, with economic growth slowed by the expansion of the omicron variant, the reappearance of inflation and problems in the supply chain.
- There was excess liquidity caused by the large number of loans guaranteed by ICO and Cesce in 2020, which limited the financing requirements of companies, especially in Corporate Banking.
- The arrival of funds from the European Recovery Plan (Next Generation EU) was delayed, which barely had any impact on economic activity in 2021.

Despite these adverse conditions, the performance of loans and receivables in Corporate Banking was slightly positive, reaching 28.7 million euros, with an increase of 1% compared to the previous year. In addition, this slight growth, allowed it to increase its gain market share (5.4%, compared to 5.3% in 2020), since investments in financial institutions as a whole fell by 1.4%, according to corresponding data up to November.

## Clear strategy for European aid

The aid awaited from the European Union hardly had any impact on the economic fabric, so the bank was unable to exercise its triple role of channelling, advancing and supplementing business financing using European funds. However, Corporate Banking adopted a clear and intense strategy to prepare for the arrival of the aid in 2022 and subsequent years throughout the year. This phase of preparing now in order to reap the awards later was based on several lines of action.

- Closer contact with companies to find out their level of awareness of the aid. It turned out that most of them had very little information.
- Webinars campaign and other training actions between customers and potential customers, especially in the sectors expected to most benefit from the aid.
- Partnership agreement with the CEOE employers' association to provide customers with access to an information platform on tenders and calls for public aid, including an alert system for companies and self-employed workers interested in specific sectors.
- Agreement with two consultants specialised in raising and managing European funds, which are put in contact with Bankinter customers to explore opportunities.

This continuous effort regarding information and preparation resulted in the number of companies registered in the advisory and support service for European aid to exceed one thousand at the end of the year.

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## Growth prospects

European funds, if they do finally reach companies as expected, will be a vital lever in terms of restoring the usual investment growth rates to levels seen in recent years in 2022. For each business unit, the strategies and growth prospects for this year are as follows:

- **Corporate Banking.** One of our main aims is to increase our specialisation, as has been done in the field of structuring operations.
- **In Investment Banking,** we will reinforce our support for customers in capital markets issuances and we will play a more important role in the mergers and acquisitions market.
- **Medium-sized Banking.** The aim is to reinforce our policy of customer proximity and to establish a very close relationship with our day-to-day business. This strategy yielded excellent results in 2021, since the pre-pandemic level of working capital was recovered and the rate of return on investment significantly improved.
- **SMEs.** The goal is to streamline management and make progress in terms of productivity. Tools which facilitate the consultation of companies the customer works with have been developed, such as economic networks. In addition, the 'Business Plan' has been launched, which automates the conditions of customer relationships based on their loyalty with the entity.
- **International banking.** After a difficult financial year, in 2021 affected by the economic environment, logistics problems and the rising price of commodities, a strong recovery in activity is expected. The successful implementation of the foreign exchange broker business and the creation of a platform to facilitate payment transactions for suppliers is set to help to achieve this objective.

In addition, the dynamics of corporate mergers in the national financial sector may bring new opportunities to attract customers.

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# Commercial Retail Banking

**Sales efforts and organisational changes pay off**

The results for the year in Commercial Retail Banking, or for individuals, were very satisfactory, especially if we take into account the difficulties associated with the second year of the coronavirus pandemic and the negative impact of the repricing of mortgage loans, affected by the reduction in the Euribor. The intense commercial effort made it possible to overcome these drawbacks and achieve all time highs in some headings.

As a result of all this, the income of Commercial Retail Banking at Bankinter Spain reached 663.2 million euros, up 11% from 2020. This business has the highest contribution to the entity's gross operating income at 31%.

Commercial Retail Banking in Spain reached a record figure of 4.177 billion euros in new mortgage loans, up 44% from the previous year. The mortgage portfolio of this business stood at 29.2 billion euros, up 5%, which compares very favourably with the 1.3% increase in the sector as of November. The mortgage is a product that attracts customers with a high level of loyalty and profitability. In 2021 more than 50% of mortgage loans was with new customers.

New mortgage loans  
**€4.177 bn**  
+44%

Mortgage portfolio  
**€29.2 bn**  
+5%

New customers  
**111,000**  
customers  
the highest annual figure on record

The salary account is another product that attracts new customers, which also performed excellently throughout the year. 66,600 new salary accounts were opened in Commercial Retail Banking in Spain reaching a balance of 14,900 million euros, compared to 12,700 million in 2020, which represents an increase of 17%. In five years, the bank's portfolio has multiplied by 2.7%, which reflects the ongoing success of a product that has remained stable for almost ten years.

The big sales boost was also reflected by the acquisition of 111,000 customers, the highest annual figure on record.

Record levels of commercial activity were also reached in investment funds. The net increase in investment funds excluding the market effect was close to 3 billion euros, double the figure reached in the previous year. The investment fund portfolio of Commercial Retail Banking customers in Spain stood at 24 billion, up 4.7 billion from 2020.

## Record equity

In the Wealth Banking area, performance was just as positive. Assets under management for customers in this segment reached a record €49.9 billion, compared to €42.8 billion in 2020. Growth was particularly high in the fields of wealth advisory services and delegated investment management, which have high added value. In Personal Banking, the segment immediately below, the volume reached 29.8 billion euros, with new assets of 29.8 billion, i.e., 2.8 billion without market effect.

Assets under management in the Wealth Banking Area  
**€49.9**  
 bn

Growth was particularly high in the fields of wealth advisory services and delegated investment management, which have high added value.

## Transformations

In 2021, the sales efforts, which brought about record-breaking figures in terms of customer attraction, customers arranging asset and liability products and assets under management, took place alongside the launch of two projects aimed at transforming the customer service model. Both projects seek to improve the scalability and productivity of the sales model and involve the reorganisation of the business structure:

- **The Retail Banking area was created in 2021**, bringing together the former Personal, Private and Foreign Banking segments under the same hierarchical responsibility. Customers in this business unit were traditionally segmented solely by income or wealth criteria. With the new service model, dozens of additional variables have been incorporated that improve customer profiling, making it more appropriate to their financial needs and potential. Thanks to the more specific segmentation and the alignment of functional responsibilities over the different customer service channels, it has been possible to establish a consistent and coherent customer service model that improves the quality of service, is more scalable and expands the bank's commercial capacity.
- **In 2021, the Wealth Banking Area was also created**, which integrates all the distribution channels for high net worth individuals, i.e., the bank's branch network in Spain and the network of agents. Among other initiatives, the project to transform this business involves reviewing the customer segmentation model, which previously only took into account assets and which has been improved by incorporating other variables, allowing customers to be properly profiled based on their requirements and potential. The various lines of action of the Wealth Banking plan aim to standardise and scale the customer's strategy and experience, provide a service more suited to their needs and position Bankinter as a benchmark in the high net worth business

## Challenges

Looking ahead to 2022, the main challenge will be to maintain the remarkable pace of growth in gross operating income and the tone that has been set for commercial activity. To this end, the Commercial Retail Banking area will develop and consolidate the organisational and customer service model changes introduced in 2021, and will promote all fee-based businesses, focusing particularly on Insurance.

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# Businesses in Spain

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# Private banking

## A change for the better customer experience

During 2021, this business has incorporated the Private Banking customers of the Branch Network and the Agency Network under the same department. With this operation, Bankinter intends to improve the efficiency of the service and customer experience, by streamlining decision-making and, consequently, the response to their needs in an environment such as the present, where rapid action is key.

In addition, the entity has launched a new customer categorisation model using Big Data and incorporating algorithms with the current attributes and future value of customers, using all this data to develop models that allow customers to be classified based on their requirements

and not their assets in order to offer every customer a tailored service. In addition, special emphasis has been placed on adopting an independent advisory model for customers with higher income, which will translate into greater transparency in costs and a noticeable improvement in the customer's experience.

Last year, Private Banking recorded record figures in investment and assets under management. Investment exceeded 5 billion euros (5.188) and assets under management stood at around 50 billion (49.92)

### Private banking

	2021	2020	% chg
Active customers (no. of customers)	44,929	41,901	+7.2%
Total customer funds (millions of euros)	32,779	29,193	+12.3%
Customer deposits (millions of euros)	13,534	13,135	+3.0%
Customer loans (millions of euros)	5,189	4,767	+8.8%

# Corporate banking

## Largest increase in gross operating income, in spite of the difficult circumstances

It was a particularly difficult year for the business due to the performance of the environment. Despite this, Corporate Banking remained the segment with the greatest contribution to the bank's gross operating income (249.5 million euros) and profit before taxes (185.7 million euros).

Actively and prominently intervened in the generation and placement of new investment vehicles, such as Mountain (via the logistics company Montepino) and Tumbet (part of the Meliá hotel group).

Signature risk (national and international guarantees and documentary credits) registered very significant growth. 270 million new transactions were carried out and the year closed at 3.589 billion euros.

### Corporate banking

	2021	2020	% chg
Active customers (no. of customers)	6,283	5,970	5.2
Total customer funds (billions of euros)	8,817	7,931	11.2
Customer deposits (millions of euros)	8,343	7,682	8.6
Customer loans (millions of euros)	12,775	13,120	-2.6

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# Retail Banking

## More customers, more loans and more assets under management

Retail Banking, which integrates the former Personal, Private and Foreign Banking segments, reached 776,019 active customers in 2021, an increase of 7.8% compared to the previous year.

This growth is due to the magnificent attraction figures obtained in the year, with 107,503 new customers, 20% more than in 2020. The main drivers the salary accounts and mortgages. The number of salary accounts sold was 65,730 and a total of 19,716 mortgages were formalised, which increased the bank's investment in loans for home purchases by 1.047 billion euros.

Retail Banking customer assets totalled 39.735 billion euros at the end of the year, highlighting the growth in investment funds, whose commercial activity exceeded 1.321 billion at 31 December.

Throughout 2021, Bankinter consolidated and developed its strategy for families, in which the youth project was integrated. The goal is to launch products and services that provide specific solutions to customers to manage their finances based on the life stage in which they find themselves.

Retail Banking  
customer assets  
**€39.735**  
bn

**Retail Banking,  
which integrates the  
former Personal and  
Private and Foreign  
Banking segments,  
reached 776,019  
active customers in  
2021.**

### Individual Retail Banking

	2021	2020	% chg	% chg
Customer acquisition (no. of customers)	107,503	89,906	17,597	19.6%
Active customers (no. customers)	776,019	719,814	56,205	7.8%
Total customer funds (millions of euros)	35,042	30,029	5,013	16.7%
Customer deposits (millions of euros)	24,826	21,871	2,955	13.5%
Customer loans (millions of euros)	24,028	22,981	1,047	4.6%

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# Mid-corporate Banking

## ICO lines boost net interest income

Gross operating income grew by 4.6%, mainly thanks to the good performance of the net interest income of the ICO/EIB/EIF/OTHER lines (+24.9%), after the spectacular growth of investment in these operations in 2020. Businesses considered less significant until recently, such as investment funds (+112.2%), income from current accounts and demand liabilities (+101.1%) or the document business (+43.8%) also performed well.

Loans increased by 3.6%, in a year in which the market granted fewer loans to companies, with the consequent gain in market share compared to competitors.

Customer liquidity was effectively managed, diverting it to value-added products for the most part, which allowed growth in the intermediation balances of 271 million euros (+98.2%).

### Mid-corporate Banking

	2021	2020	% chg
Active customers (no. of customers)	25,900	25,347	2.2%
Total customer funds (millions of euros)	7,163	6,775	5.7%
Customer deposits (millions of euros)	6,615	6,499	1.8%
Customer loans (millions of euros)	7,738	7,472	3.6%

# SMEs

## Transactional business returns to pre-pandemic levels

The majority of work put into the SME area focused on strengthening our customers' positions, offering solutions for restructuring their debt, extending terms and new grace periods. Accordingly, novations were arranged for more than 1.1 billion additional euros, in addition to new lines and financing. These measures helped the transactional business to return to pre-pandemic levels and contributed to a net growth of 1.43% in investment.

Revenues from the SMEs area increased 2.66% and the gross operating income reached 184 million euros. The portfolio's credit rating was maintained, with a non-performing loan ratio of 7.5%. For 2022, the challenge will once again be

to increase market share and improve margins, boosting the transactional and international activity of our customers.

In 2021, the Bankinter Business Plan was launched, a new product and customer management proposal that encourages global bonding with the entity without paying commissions. The aim of this is to increase the bank's service level, with an exclusive space for SMEs providing global solutions which go beyond the purely financial sector

### SMEs

	2021	2020	% chg
Active customers (no. of customers)	76,599	75,013	+2.1%
Total customer funds (millions of euros)	5,868	5,384	+9.0%
Customer deposits (millions of euros)	5,355	5,105	+4.9%
Customer loans (millions of euros)	6,162	6,065	+1.6%

# Bankinter Investment

## Leading operations in logistics and luxury hotels

Bankinter Investment, which was launched in 2019 as its own brand, consolidated its leadership position in alternative investment in the Spanish private banking segment last year. Since the first vehicle (Ores SOMICI) was launched in December 2016 until the end of last year, the Bank's alternative investment platform has raised more than 3.2 billion euros of capital from Spanish private and institutional banking customers, with a total investment of almost 6 billion euros, including the leverage effect. With these figures, the business unit is closer to the objectives set for December 2022: Reach €4,000 million in customer managed capital and €8,000 million in investment in different types of alternative assets.

In the current environment of low or negative interest rates and market volatility, which makes traditional investment extremely complicated, alternative assets constitute Bankinter's value proposition for high net worth individuals and institutional customers.

The strategy involves finding the best possible professional manager for each type of investment and co-invest with them in the vehicle to be managed. In any case, the bank ensures it plays a role in the decision-making bodies and reserves the right to veto any aspects of management

that do not comply with the commitments made to investors.

In 2021 Bankinter Investment executed different operations and investments. Two of them stood out for their size and uniqueness:

- The purchase of the Montepino logistics platform, a portfolio comprising 22 assets with a gross area of 865,000 square metres. Bankinter Investment prevailed over different international bidders and was able to attract more than 600 million euros of capital from customers to execute the purchase. It was the largest logistics operation in the Spanish market in 2021.
- The acquisition of a group of eight hotels from the Meliá Hotels International group, the majority of which are emblematic and essentially destined for luxury tourism. This was achieved through the vehicle called Victoria Hotels. The new company is owned by Bankinter and high-net-worth and institutional customers of the bank.

### The biggest alternative platform

With these two operations, Bankinter Investment consolidates itself as the main player in the sector. In the last five years, it has launched 16 successful investment vehicles, which form the largest existing alternative platform in Spain. These include the following:

- Socimi Atom, which invests in hotel assets and has been listed on Spain's alternative stock market (the MAB) since 2018.
- Socimi Ores, focused on the acquisition and management of commercial real estate assets, which has been listed on the MAB since 2017.
- The Helia Renovables venture capital fund, which invests in a key sector for environmental sustainability. Given its success, there have been four editions of the fund. The last one, Helia IV, was raised among customers in the month of May 2020 with more than 250 million.
- VStudent Aulis (venture capital fund): a vehicle that focuses on the acquisition and management of opportunities in the segment of student residences, which remains largely unexplored in Spain.

- The Titan fund, which seeks to invest in infrastructure in northern Europe.
- MBV Fund, a pioneering fund of funds launched in 2019, which invests in the highest-potential technology companies in Silicon Valley, in which Bankinter is partnered by the entrepreneur and investor in new technologies, Martín Varsavsky.
- The Rhea Secondaries fund, created in 2020 with our partner Access Capital, which specialises in leveraging the opportunities of the secondary market in pan-European venture capital funds.

Other basic activities carried out by Bankinter Investment include advisory services in the area of mergers and acquisitions, capital markets, real estate transactions and financing (through the Bank's own balance sheet) of entrepreneurial projects.

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# International Banking

## An expanding business renowned for its quality

In 2021, Bankinter's international activity grew by 76% in the documents business and by 27% in the volume of international collections and brokered payments. The performance of the online currency broker also stood out, with a 40% increase in its managed volume.

The gross operating income reached 167.7 million euros, of which 55% corresponded to commissions (four points more than in 2020). The average investment balance increased by 10.4% to 6.378 billion, despite the difficult

international economic scenario resulting from disruptions in the supply chain and the appearance of new variants of COVID-19.

Thanks to the improvements in our high quality financial and transactional services offer against a backdrop of digital transformation, International Banking ranked one of the most acclaimed services in Bankinter's internal quality indicators, having ranked third place in the previous year.

# Capital markets

## Enough liquid assets for difficult conditions

In terms of liquidity, resources grew by more than 7 billion euros in 2021 and at the close of the financial year they already accounted for 108% of loans and receivables, both in Bankinter Spain and in the Group. Liquid assets now have enough of a buffer to address even the most difficult conditions. In June, a subordinated debt issue of 750 million was carried out with excellent acceptance by the investor base.

From the treasury, we continued to respond to the needs of customers to manage their foreign exchange, fixed income and interest rate transactions.

The managed investment funds of Bankinter Asset Management exceeded 10 billion euros last year, several of which ranked first in their class in terms of profitability for the investor.

### Capital markets

	2021	2020
Loan-to-deposit ratio	108.5%	103.2%
Buffer of liquid assets with bond issuing capacity	30,700	24,221
LCR	228.6%	198.1%

# Asset management

## Significant growth in the portfolio and high profitability

Assets under management grew strongly, especially in profiled products, reaching 16.6 billion (+18.5%), thanks to the favourable environment of the financial markets and the dynamic commercial activity. In addition, extremely competitive returns were achieved in most products, especially profiled funds and portfolios under discretionary management.

New discretionary portfolio management services were designed for Wealth Banking, in line with the greater demand for personalisation by customers with higher incomes. New low-risk products (fixed income and mixed fixed income) were also launched in response to

investment demand from customers with more prudent profiles and high levels of liquidity.

The investment process included measuring, monitoring and controlling sustainability risks. This laid the foundations to increase the volume of assets under management that seek to incorporate sustainable criteria and meet new legal requirements that are due to be implemented between now and 2023.

# Investment funds

## Significant rise in fee and commission income

Last year, income from fees and commissions derived from investment funds reached a new record of 198 million euros, up 25% from 2020. This high figure for fees and commissions was not reached by any other Commercial Retail Banking business, which shows that the recovery of the markets and the high volume of liquidity make investment funds very attractive for savers.

2021 was also a record year in terms of portfolio growth, reaching 25.7 billion euros, a volume never reached to date and one that represents an increase of 27% over the previous year.

Throughout the last financial year, there was a significant improvement in the bank's offer in terms of funds with protected capital and in terms of training for investors. Training takes the form of online courses investors can access from the digital platform.

### Investment funds

	2021	2020	% chg
Total portfolio value deposited (in millions of euros)	25,662	20,157	27%
Ex VCR income (in thousands of €)	197,7784	157,942	25%

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# Insurance and pension plans

## More than 3,100 million savings managed, despite restrictions

Despite the reduction of the maximum limits for contributions to private pension plans, Bankinter exceeded 3.1 billion euros managed in pension plans and voluntary social welfare entities (EPSV), thanks to the recovery of the financial markets and the efforts in commercial activity.

The marketing of new products began in 2021 to expand the range of insurance solutions to individuals and companies: These included the launch of rent protection and collective accident insurance for companies, as well as a new type of individual health insurance without co-payment.

The Bank's commercial activity resulted in a 5% increase in premium income in the life line, to exceed 98 million euros.

# Bankinter Consumer Finance

## Good performance, driven by Ireland

Loans and receivables performed favourably in 2021. Total growth was 22.6%, reaching 3.527 billion euros. This improvement occurred in the three countries where Bankinter Consumer Finance is present (Spain, Portugal and Ireland), although the greatest increase corresponded to the latter, with 96.8%.

Part of the growth experienced in 2021 was based on the mortgage business in Ireland, where Bankinter Consumer Finance is already handling significant volumes just one year after launch. By mid-December, cumulated annual production totalled 401 million euros, which equates to a market share of 3.5%.

In Spain, a new line of products was successfully launched subject to online sanction and big data and which are offered to all types of customers, not just those who are already part of the group. The investment at the end of 2021 totalled 36.8 million euros, with good prospects for growth.

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# Equity

## Strong portfolio growth and steady level of customer acquisition

The Variable Income business came to a close having had a good year last year, both in terms of revenue volume and cash deposited, thanks to the improvement in activity in international markets and the maintenance of the pace of attracting new customers, which is one of its key objectives.

Revenue grew to 68 million euros, which is a new record, surpassing the 2020 figure, which had already grown significantly. The portfolio, in turn, reached 23.8 billion in cash deposits, the highest on record, up 17% from the previous year.

With regard to support services, in 2021 improvements were made to the Bankinter Broker Academy digital training platform, in which professional experts share their knowledge with customers, and to the Broker app.

### Equity

	2021	2020	% chg
Total cash value deposited (in thousands of €)	23,832	20,434	17%
Income (Int+Comi) ExSocimi (in thousands of €)	67,963	67,339	1%

# Partnet Banking

## New partners and mortgage business, main drivers

New partners of great relevance in the economic environment joined, which is the fundamental basis for attracting good customers and for improving the income statement and the notoriety of Banca Partnet.

The investment in Commercial Retail Banking grew by 14%, mostly thanks to the boost in mortgage loans (+51%, with the signing of 336 million euros) and the increase in personal loans and other credits. This positive performance largely offset the fall in investment within Corporate Banking. The excellent performance of fees and commissions stood out in this business segment.

In 2021, the upwards trend of Bankinter Partnet's Institutional business continued. This is the only entity that offers entities regulated by the CNMV a comprehensive service for its customers that includes the custody of vehicles, intermediation of contracting orders and financing.

### Partnet Banking

	2021	2020	% chg
Active customers (no. of customers)	43,538	40,239	8.2
Total customer funds (millions of euros)	6,599	5,795	13.9
Customer deposits (millions of euros)	4,725	4,164	13.5
Customer loans (millions of euros)	3,101	3,190	-2.8

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# Agent network

## A reinforced business model to almost double profits

The Bankinter Agent Network reinforced its business model in 2021, which sets a benchmark in the sector, with the incorporation of new indicators in line with statutory regulations and with a new segmentation of these professionals, by virtue of both quantitative and qualitative criteria.

This reinforcement, together with the strategy of focusing on the activities with the highest added value in Private Banking and Personal Banking, already implemented in 2020, made it possible to achieve a pre-tax profit of 35 million euros, 85% higher than the previous year.

The Network, made up of some 400 professionals with their own offices and who are approved by Bankinter to provide financial services, managed total funds of 11.305 billion euros (+18.6%) at the end of last year and served 41,869 customers (+5.8%). The average balance per agent was 60 million.

### Agent network

	2021	2020	% chg
Active customers (no. of customers)	41,869	39,560	5.8
Total customer funds (millions of euros)	11,305	9,530	18.6
Customer deposits (millions of euros)	2,599	2,510	3.6
Customer loans (millions of euros)	1,874	1,714	9.3

# Remote network

## Record figures in terms of customer satisfaction

The quality of service perceived by customers set record figures in 2021. 81.40% were satisfied and 65.15% would recommend it. In addition, in 87.06% of the calls, the customer indicated that their query had been resolved at the time.

Telephone Banking implemented new technologies that facilitated the efficient management of the 2.1 million calls registered throughout the year. The incorporation of a virtual assistant facilitated the self-management of customers by more than half a million

calls since the middle of the year. The introduction of an automatic dialer also increased sales interactions by 7%.

The almost 800,000 calls made for commercial purposes focused on value products (investment funds, pension plans and variable income), as well as new mortgage loans and renewals of non-mortgage asset operations, comprehensive payment management and international business. Telephone Banking intervened in the marketing of more than 91,000 operations.

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# Bankinter Portugal

## Five years of continuous growth

Although 2021 got off to a difficult start in Portugal, with various restrictions on movement and the resulting impact on economic activity, recovery subsequently happened more quickly than expected, which brought unemployment figures to record lows. The main drivers behind this recovery were private consumption and investment, while the increase in exports remained more moderate, due to the difficulties encountered in reviving the tourism sector.

In this context, Bankinter Portugal, which celebrated its fifth anniversary in 2021, continued to keep its employees safe thanks to strict safety measures. It also protected its customers against the economic and financial impact of the pandemic, both through the branch network and through telephone and digital banking, which were strengthened

The profit before tax, which reflects the continuous growth of previous years, was 50.3 million euros, up 11% from the previous year. The recurring business with customers showed a gross operating income of 152.1 million euros (+10%), an operating margin of 65.5 million euros (+20%) and a turnover of 18.3 billion euros (+18%). Total credit granted amounted to 7.6 billion euros, up 9%, well above the market average, which was 3.8%, according to November data from Banco de Portugal. Customer funds grew by 23%, to 5.9 billion.



Employees  
**770**

Business units  
**98**

81 branches  
10 business centres,  
2 corporate centres  
4 Private Banking centres  
in addition to the  
Bankinter+ team.

The detailed results for each area were as follows:

#### **Commercial Retail Banking.**

Significant growth was once again recorded in strategic business items. New equity increased by 1.178 billion euros, 660 million of which corresponded to off-balance sheet funds. Investment funds recorded annual net production of 313 million euros, with 156 million in own funds. Home loans grew by 24%, with a heavy focus on fixed-rate mortgages. Private Banking increased its customer base by 6%, registering a growth in turnover of more than 25% (an additional 700 million euros) and its gross operating income grew by 26%. Significant progress was made in the fully digital acquisition and management of customers, after the investments into digital platforms and the developments made in the last two years.

#### **Corporate Banking.**

In a year full of challenges, still marked by the pandemic, Bankinter Portugal maintained its commitment to proximity and support for its business customers. The turnover of the Business segment (SMEs with revenues of up to 5 million euros) exceeded 2 billion euros, up 14% (255 million) from 2020. For the Medium-Sized Companies and Corporate segment, it reached 3.180 billion euros (+41%). International closed 2021 with a 35.2% growth in the loan portfolio.

#### **Bankinter Consumer Finance**

Turnover increased by 25%, and amounts granted exceeded 310 million euros with 160,000 customers, approximately 50% of which come from the open market model (without banking requirements). The financial difficulties caused by the pandemic came to a head in 2021, as a result of credit moratoriums coming to an end and period repayments resuming. To mitigate this impact, Bankinter Consumer Finance made every effort to find the best solutions for its customers. Following on from the trend already seen in 2020, the use of digital channels increased, which underwent significant improvements.

#### **Bankinter Asset Management.**

2021 was the first full year of activity for the Bankinter Asset Management branch in Portugal. Assets under management stood at 1.127 billion euros as of 31 December, 358 million of which were investment funds. The Bankinter Mega TT PPR fund was launched, the aim of which is to take advantage of the medium-term profitability potential of the business associated with sustainability, consumer and business trends, and also digitalisation. At the end of the year, the volume of assets under management for this fund was close to 20 million euros.

#### **Bankinter Seguros de Vida.**

Total mathematical reserves closed 2021 at 1.620 billion euros (+1.5%), with a 3% drop in the life insurance market in Portugal. In terms of the volume of written premiums, growth was also higher than the average, which demonstrates the resilience of customers and their trust in the risk and investment products offered by the bank.

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# Bankinter Luxembourg

## High profitability, solvency and security

During the year, the team's commitment stood out, after a period with rotations and a combination of face-to-face and remote work due to health situation. The effort made it possible to maintain the service quality standard of the Bankinter Group.

The activity focused on value-added products, which registered a growth of 30%, allowing Bankinter Luxembourg to close the year with a profit before tax of 7.2 million euros and a return on equity (ROE) of 10.63%.

The high level of capital adequacy (TIER above 26%) was maintained which, in combination with the AAA rating granted to Luxembourg by the main rating agencies, represents an additional level of security for customers.

# EVO

## Becoming leaders of fully digital services

In 2021, EVO Banco established itself as one of the leading digital banks in Spain, with more than 678,000 financial customers. The commercial strategy was reinforced with a view to positioning EVO as the main bank for its customers, making it easy for them to cancel their other accounts and transfer direct debits, payroll or income and payment transfers in a matter of minutes.

The year closed with a 14% growth in gross operating income and a record figure for loans and receivables of 1.86 billion, up 52% from 1.224 billion in 2020. The volume of new mortgages arranged totalled 729 million euros, compared to 395 million the previous year.



In relation to the off-balance sheet business, EVO redesigned its investment platform to provide a fully digital response to the various requirements of customers. EVO Smart Broker was also launched, making it the first Spanish bank to allow customers to invest in the American market without fees or commissions and providing preferential access to more than 15,000 securities from around the world.

# Quality

## Measuring to improve and offer a better service

After a very difficult 2020 financial year due to the health and economic crisis, last year, with all the countries still feeling the effects of the pandemic, Bankinter focused its management around ensuring proximity to its customers, and with a firm commitment to making progress with digitalisation and continuously improving quality.

In 2021, 28.3% of the bank's customers were surveyed to find out about their experiences in their relationship with the bank, through 63 measurements of processes and services. In addition, 104 internal processes were assessed in order to find out the degree of employee satisfaction with the bank's Central Services. These measurements enabled the bank to gauge the perceptions of both groups, which it communicated to areas of the bank to foster improvement initiatives for their processes and so they could adapt their range of products and services to meet the expectations of customers in the commercial networks and Digital Banking, and in the Business, Technical Support and Operational Support areas.

Customer and employee participation in surveys is essential for improving quality management and achieving excellence in our services. The 2021 results show positive developments in the quality perceived by customers and employees, as described below.

## Higher levels of customer satisfaction

In 2021, the aggregate index of quality perceived by customers in Spain and Portugal, measured through the Net Promoter Score (NPS) index, stood at 42.5%, an increase of 2.4% compared to the previous year. In Spain it rose to 42.9% (+1.9%), improving the perceived quality of customers in the different commercial networks of the bank and in 56% of the branches of the branch network. At Bankinter Portugal, the customer NPS was 36.2% (+5.2%), with improvement in 57% of the branches.

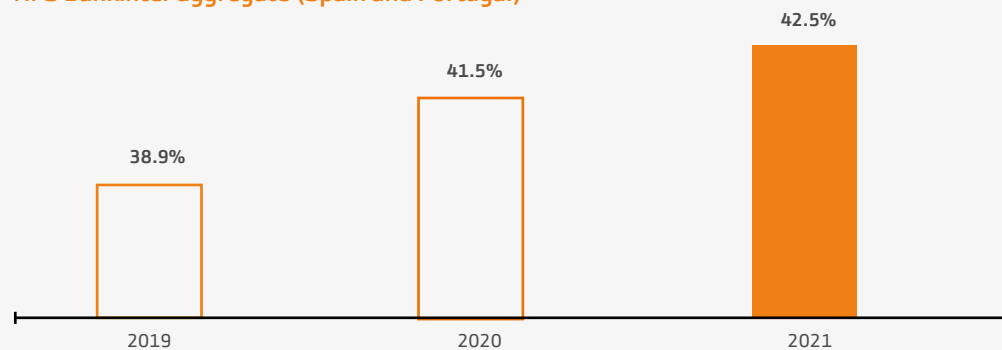
The trend in the level of customer satisfaction remains very positive: in Spain, 52.6% (+1.7%) of customers said that they would recommend Bankinter, while 9.7% of customers expressed dissatisfaction; in Portugal, the percentages are 49.4% (+4.4%) and 13.1%, respectively.

In terms of relationship channels, the increase in the level of satisfaction with digital channels (websites and apps) stood out in 2021, reaching 5% in Spain and just over 6% in Portugal. Telephone Banking and the Branch Network are also highly recommended by customers.

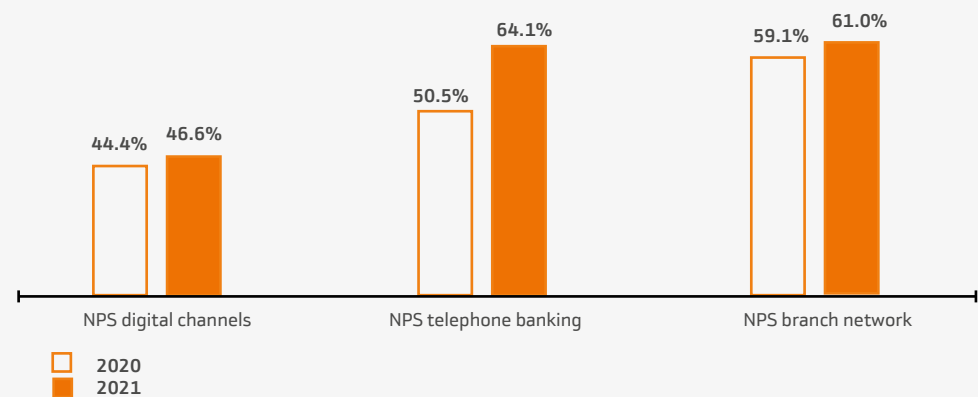
To improve the digital assets service, in 2021 we measured 28 processes that provide customers with very important information on the bank's websites and apps (+27.3% more than a year ago) in order to streamline processes, improve design, expand functionalities and improve performance. By doing so, the technical teams gain real-time information on customer perception, complaints and suggestions. As part of the transformation of internal processes, 64 processes that provide operational support to commercial networks are measured in real time.



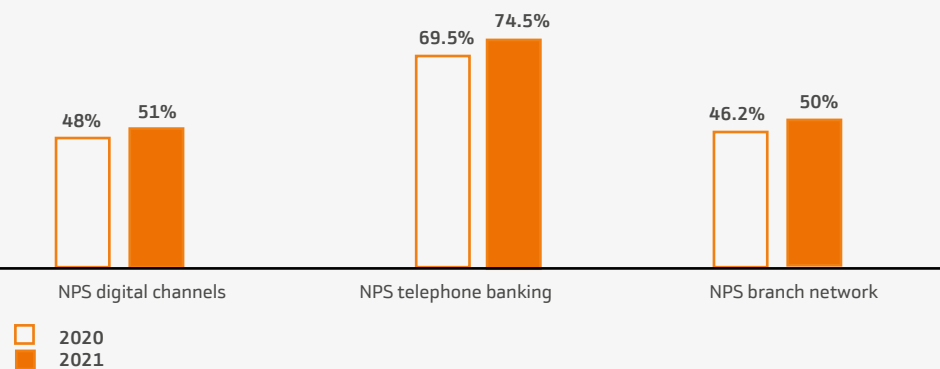
## NPS Bankinter aggregate (Spain and Portugal)



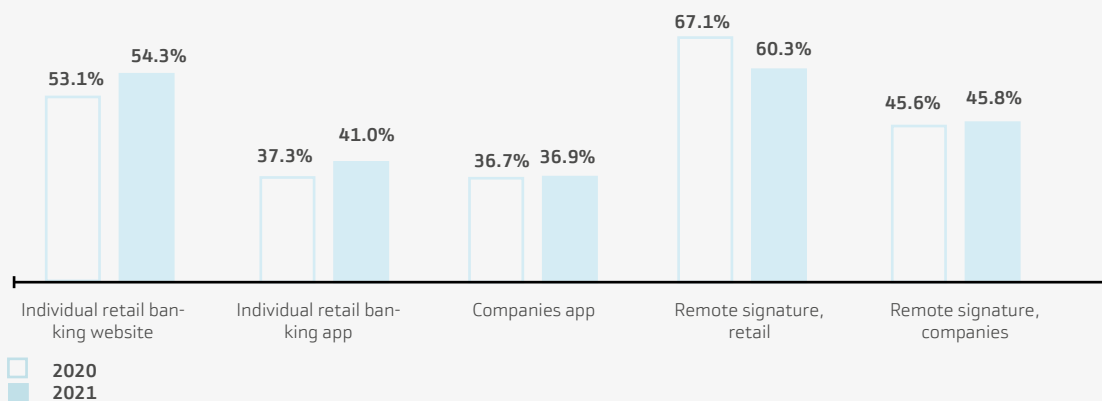
## NPS by channels, Spain



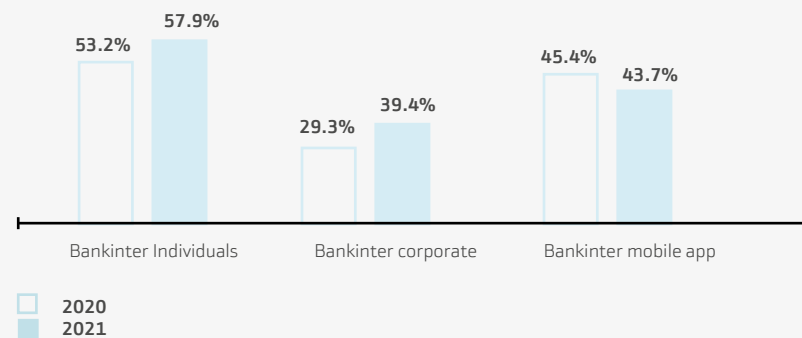
## NPS by channels, Portugal



## NPS digital channels, Spain



## NPS digital channels, Portugal



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## Internal quality

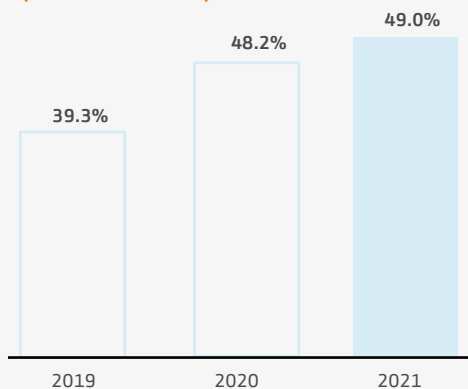
As in the case of customers, the quality of the bank's internal processes is systematically evaluated, through continuous studies and measurements that allow us to find out what employees think about the Central Services. The objective of this is to identify priority action and foster improvement to meet their needs and promote service excellence.

To this end, 104 measurements were taken in 2021, which provided thousands of opinions and suggestions and led to the introduction of 346 initiatives aimed at streamlining processes, improving information for customers, enhancing products, supporting commercial networks and promoting internal training. The information provided by internal surveys (completed by a large number of employees and performed regularly) is an essential for continuous improvement of Central Services.

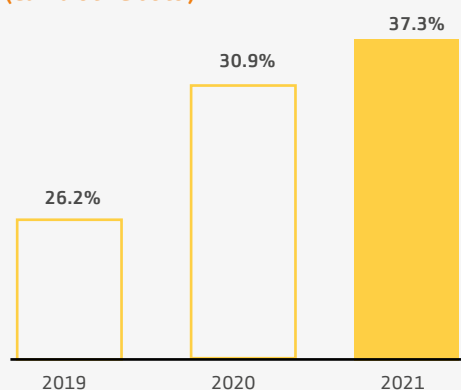
In Spain, the degree of satisfaction with the Central Services increased in 2021. The net satisfaction index was 49.01%, up 1.7% from 2020.

At Bankinter Portugal, the overall satisfaction level was 37.3% (+20.7%), showing excellent improvement.

Internal quality, Spain  
(cumulative data)



Internal quality, Portugal  
(cumulative data)



Initiatives to achieve this improvement mainly fell into the three below categories:

- Improve the communication process between areas (response time and ease of contact).
- Increase the closeness between the internal customer and the areas providing services.
- Simplify internal processes and provide digital solutions that increase efficiency.
- The objective of accelerating digitalisation processes, simplifying processes in all areas and increasing efficiency is maintained.

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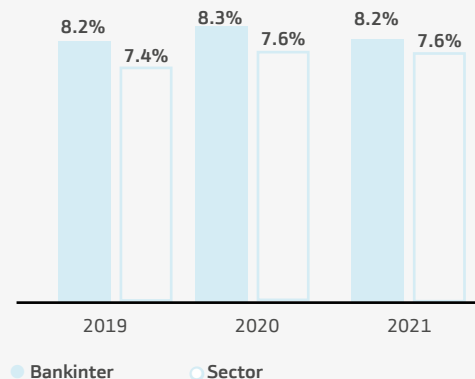


## Leaders in service

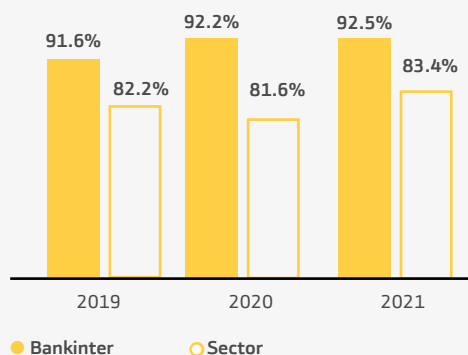
In 2021, Bankinter was one of the leading companies in Spain in terms of its sales network service. This was confirmed by the EQUOS RCB-2021 study, carried out by an independent company, which assesses the objective quality of sales support provided to potential customers in the branch network of the main Spanish financial institutions through the technique of mystery shopping. The bank excelled in its treatment, friendliness and engagement in terms of customer service, the time spent on it, the speed with which customers were handled and the explanation of products.

Likewise, Bankinter Portugal stayed consistently ahead of the 14 banking entities analysed. Its rating for 2021 remained well above the market average.

**Objective quality, commercial network Spain (cumulative data)**



**NPS Bankinter Portugal (cumulative data)**



## Objectives

In 2022, the Quality area will continue working on the following objectives:

- Expanding the measurement of Digital Banking and Central Services processes to improve the customer and employee experience.
- Supporting branches and centres with low ratings to achieve quality levels that meet the expectations of their customers, by helping them with the design of their offerings and improvement initiatives.
- Sharing the best practices of the offices and centres with the best NPS results with all teams.
- Improving and streamlining the quality information provided to all the bank's teams to improve management of their results.
- Automating all quality feedback (from customers and employees), to speed up identification of improvement opportunities.
- Developing digitisation processes, simplifying processes in all areas and increasing efficiency (Portugal).
- Managing the processes with the lowest ratings to implement improvement plans.

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# Marketing

## Boosting business

Providing the best possible service to the whole bank and actively contributing to boosting the business were two of the challenges facing the Marketing area in a year that was once again shaped by the health crisis.

Under the slogan 'The bank that sees money the way you do', launched in 2020, new advertising campaigns were launched, including 'Your accounts from rap to ballads', whose main theme was performed by the musical group Dvicio.

The main objective of these campaigns was to attract new customers through Bankinter accounts, with a notorious and unique advertising style in the financial category.

Television publicity was stepped up and mass digital media actions were deployed (banners and social media), including on YouTube. We also advertised on the radio, which had great results.

As a result of the work carried out in recent years, Bankinter, which already received the accolade of best advertiser in Spain in 2020, was awarded with the 'Gran Premio Nacional de Marketing', the 'Gran Premio a la Eficacia y el Premio Ondas a la Mejor Campaña en Radio' (winning gold in the category of Best Integrated Campaign and silver in the category of Most Innovative Strategy) in 2021.

The bank's efforts in this area were also recognised internationally with a dozen awards at the El Ojo de Iberoamérica festival and it received the 'Mejor Idea Latina para el mundo' prize.

## Recent events

Last year, we mainly stayed in contact with customers and potential customers via online events, without overlooking the novelty and appeal of face-to-face contact.

More than 2,500 people registered for the 32 sessions of the Investment Fund Classrooms; the CFO Forum activities continued, this being a content platform aimed at the business world, and events were organised for Private Banking customers.

Online spaces and the necessary materials were also prepared for the launch and promotion of Bankinter Capital Advisor, the new fully digital advisory service.

In addition, our knowledge of customer behaviour was improved through the delivery of new digital footprint projects (Broker, Companies and Blog); and the bases for the measuring and commercial use of the data of the new digital assets created by the bank were set out, and the personalisation of the website was enhanced, both for customers and potential customers, optimising messages, content and simulators.

All of this made it possible to improve the bank's digital capture rates.

Another new development was the launch of the guide 'Better financial decisions for your mortgage', with information on all the steps, procedures and paperwork involved in searching for and buying a home.



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# Disclosure Corporate banking

## Innovation and proximity to employees during the pandemic



During 2021, Bankinter was once again very close to its employees. New communication channels were explored, such as podcasts and Teams (Bankinter News), and thematic sites were created (results, Línea Directa

IPO...) to facilitate access to information for people who work at the bank. Its policy focused on three strategic pillars: constant information on Covid-19, well-being and innovation.

- **Covid-19.** The development of the pandemic called for transparent and continuous communication about Covid-19. The effects of the coronavirus on the workforce and the indications and measures agreed to stop its spread were reported every 15 days. Several impactful messages were also shared in order to make all stakeholders aware of how important it was to take part in addressing the problem.
- **Wellbeing,** In terms of the overall wellbeing of employees, the 'Bankinter te cuida' (Bankinter, here to help) programme continued to be rolled out with various innovative and pioneering initiatives. A mental wellbeing aspect was added, to add to the suggestions made for physical wellbeing, which had already been underway for several years. A new website was created on the Intranet, which was launched at the end of 2019. Several webinars were held on different topics (nutrition, sleep, motivation, etc.). A new application was also launched, called Bankinter Healthy, which encourages activity through gamification. In its first year, this app, available for all the countries where Bankinter is present (Spain, Portugal, Luxembourg and Ireland) in their respective languages, was downloaded by more than 2,000 employees, which is more than a third of the total workforce.
- **Innovation.** Bankinter has always been a pioneer and innovator in all things technology-related, and in 2021 various initiatives were rolled out to encourage creativity and new ideas among employees. One such initiative was 'Bdigital minute', a short and visual communication explaining technology-related issues and giving advice about certain digital functions involved in our day-to-day. Bankinter's first innovative ideas programme was also rolled out, and nearly a hundred employees submitted innovative business proposals based mainly on technology and digitalisation.

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## Proactivity in external communication

Bankinter's External Communications Department aims to manage the bank's relations with the media, respond to their requests for information and highlight the bank's competitive edge and its market position.

This Department designs and carries out the bank's communication strategy, in line with the objectives and profile set by senior management at all times.

Throughout 2021, Bankinter took a proactive approach to communication, in line with the overall economic recovery, and in particular the recovery of the bank's business, after the difficult year in 2020 due to the pandemic.

Among the most notable actions carried out in 2021, it is worth mentioning the communication on the spin-off and subsequent IPO of Línea Directa and the bank's new business plans after the departure of the insurance company. Also worth mentioning are the communication actions taken for activities that are so central to the bank's strategy, such as Wealth Banking, Corporate Banking or Sustainability, or the launch of new management services for customers, such as Bankinter Capital Advisor.

According to the periodic analyses carried out by the consulting firm Rebold of the news published about the bank in the media and social networks, and its comparison with the rest of the entities, Bankinter would have continuously achieved a rating for its news that is higher than the average for the sector. The average score obtained by Bankinter, according to the objective data of Rebold's qualitative analysis, would be 6.5 (score between 0 and 10) compared to a sector average of 6.0, with Bankinter ranking first among the banks analysed and a leader in the percentage of positive mentions and lowest percentage of negative ones.

**This Department designs and carries out the bank's communication strategy, in line with the objectives and profile set by senior management at all times.**



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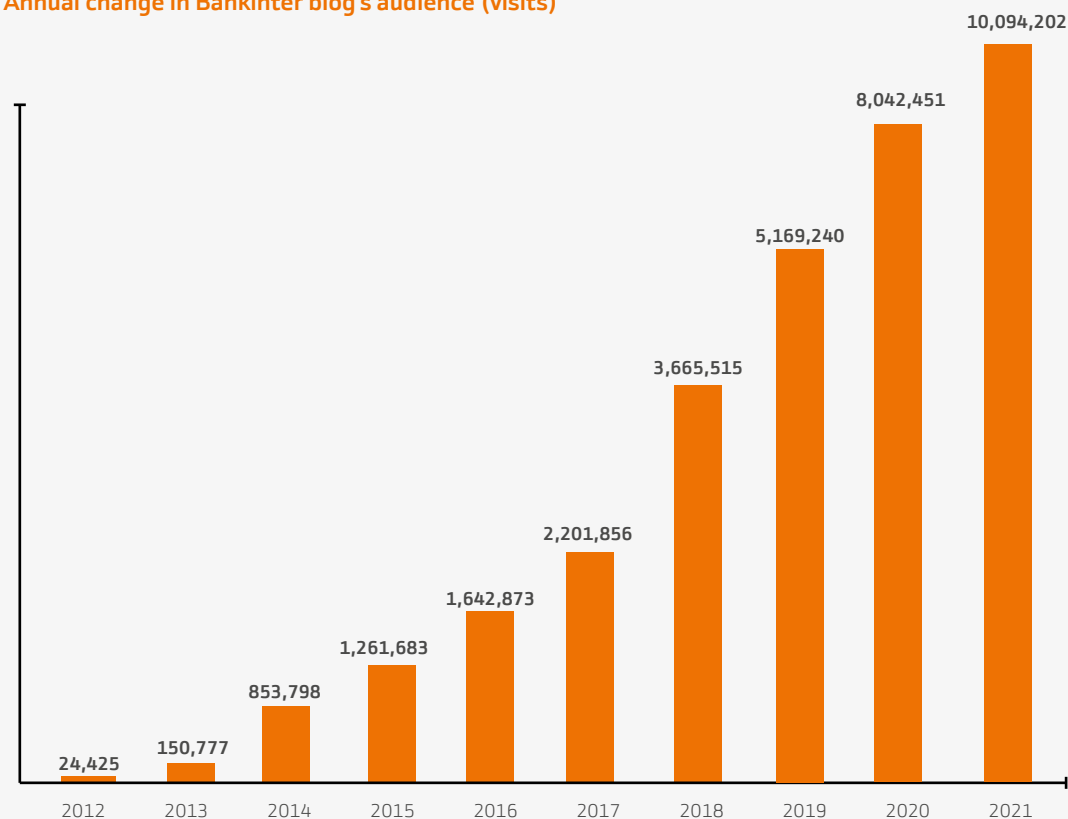
# Social media

## From 'like' to sale

Last year marked the tenth anniversary of the launch of the Bankinter Blog, a space that started out as a small digital logbook and that has gradually become a portal with comprehensive financial content, with a large audience and at the heart of the bank's digital communication.

The Bankinter Blog had another record year in 2021, with over 10 million views, shattering the record of 2020. Indeed, it grew by more than 25% per year and almost doubled the figure recorded two years ago (see graph), according to data from Google Analytics.

Annual change in Bankinter blog's audience (visits)



In addition to the increase in views, which magnified Bankinter's presence on the devices of customers and potential customers, the Social Media/Digital Communication department sought to take advantage of this audience and the visibility of its social media to benefit the business. The department began to closely track sales and the economic value the Blog and social media bring to the bank, rather than tracking the numbers of likes and followers, as was the case in the past.

Collaboration with other areas of Bankinter, such as CRM, Corporate Banking and Commercial Retail Banking, became essential in order to achieve this objective of increasing business, which was achieved thanks to the Blog, but was also helped by the bank's social media presence on certain platforms (Facebook, Twitter, LinkedIn and Instagram)

This is a very important strategic step for the blog in particular, and for social media in general, which would thus go from being a communication tool to being a communication and business tool.

## Consolidation and launch of new channels

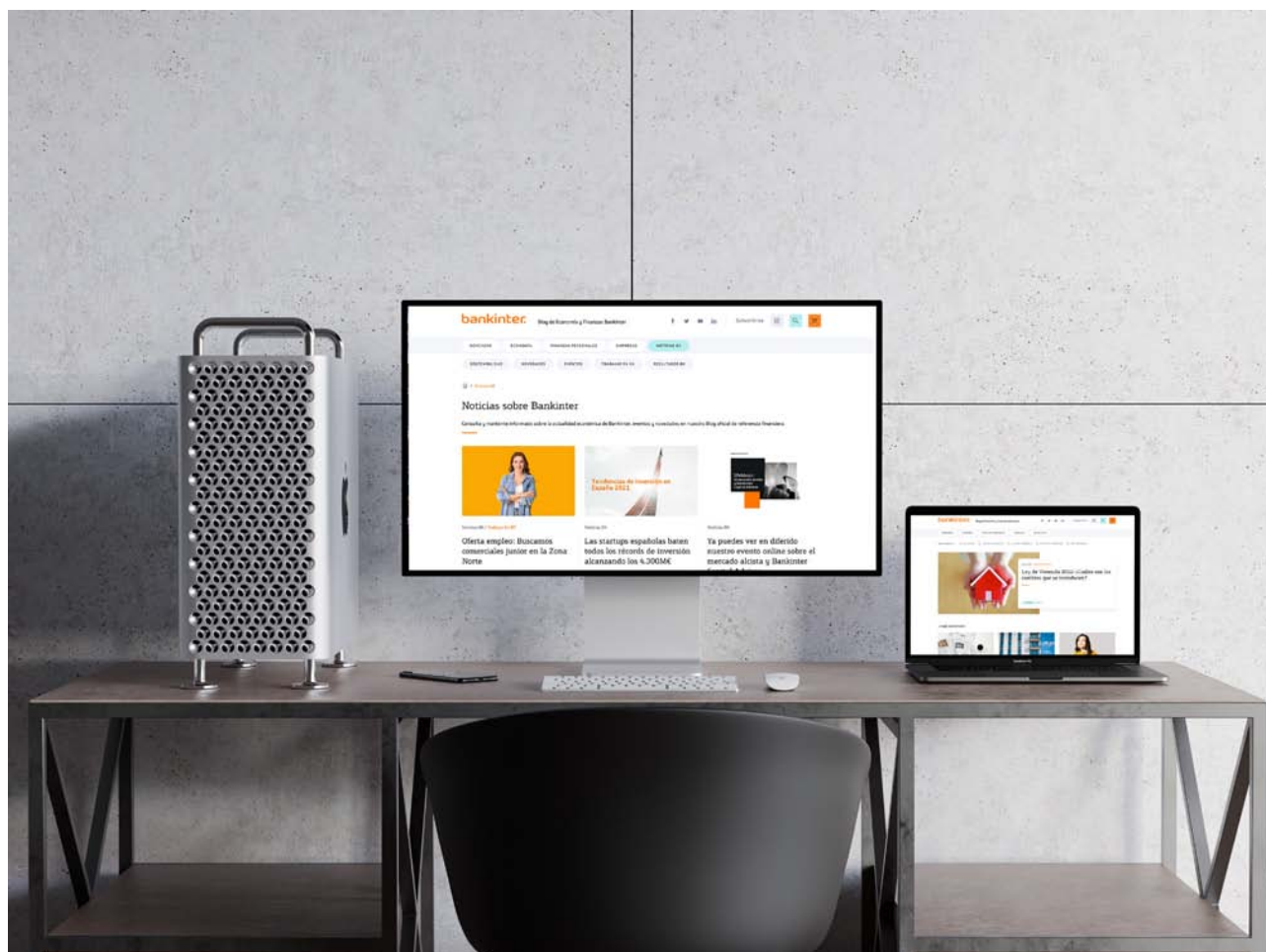
In its desire to always stay ahead and effectively balance the opportunities/risks that arise from the appearance of new digital content platforms, Bankinter's Social Media/Digital Communication department continued to make progress in consolidating some of its younger channels on Telegram (messaging) and iVoox (podcasts).

In addition, the bank launched its Spotify channel, where it saves the latest popular songs from its adverts for users to listen to.

The comments section on its social media in 2021 showed that Bankinter was again, for the eighth consecutive year, viewed positively as a leading Spanish bank, thanks to its high-quality content strategy, the successes of the bank reflected in the media and the good reception of some of its marketing campaigns. According to the external and independent firm Rebold, formerly Acceso, 61.7% of the mentions were positive.

## Employee training

In conjunction with People Management and its Bdigital programme, the Social Media/Digital Communication department trained dozens of Bankinter employees and interns in 2021 on issues such as digital personal branding or the importance of its social media presence. This training took the form of practical workshops, which had a great turnout and were enjoyed by employees.



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# Risk management

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# Risk management

Solid investment growth in the face of uncertain recovery

The year was shaped by the development of the health and economic crisis caused by the pandemic (with an uneven impact that affected, above all, the hospitality, leisure and transport sectors) and by the gradual recovery of economic activity, supported by the continuation of the extraordinary measures approved by national governments.

In 2021, Bankinter continued to proactively apply the support measures initiated in 2020, as well as the extensions and legislative developments introduced during the year. At the close of the financial year, the figures for moratoriums and public guarantee programmes were as follows:

## Legislative and non-legislative moratoria

	Number of obligors	Gross carrying amount, thousands of euros			Distribution by phases		
		Total	Legislative moratoriums	Unexpired moratoriums	1	2	3
Households		1,589,890	765,606	11,148	80.7%	16.5%	2.8%
Collateralised by residential immovable property		1,460,992	730,043	10,159	81.3%	16.9%	1.8%
Non-financial corporations		461,763	461,199	23,006	81.5%	7.4%	11.0%
Small- and medium-sized enterprises		356,587	356,023	12,577	88.7%	9.6%	1.7%
Collateralised by commercial immovable property		202,971	202,874	18,886	70.5%	7.1%	22.4%
<b>Total loans and advances</b>	<b>22,257</b>	<b>2,068,190</b>	<b>1,243,342</b>	<b>34,153</b>	<b>81.0%</b>	<b>14.3%</b>	<b>4.7%</b>

## Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis

	Number of obligors	Gross carrying amount, thousands of euros	1	2	3
Households		67,792	99.0%	0.0%	1.0%
Non-financial corporations		6,424,919	93.3%	5.4%	1.3%
<b>Total loans and advances</b>	<b>31,073</b>	<b>6,523,733</b>	<b>93.4%</b>	<b>5.3%</b>	<b>1.3%</b>

Official bodies, particularly Banco de España, repeatedly upgraded their economic forecasts from the end of 2020 through to the third quarter of 2021. This upwards trend slowed in the final quarter of 2021 as a result of supply shortage, higher energy prices and the spread of new variants of the virus. Therefore, there is still considerable uncertainty about the recovery trend.

In this context, Bankinter's loan activity maintained a steady rate of growth in 2021. Loans rose to 68 billion euros, up 5.7% from the previous year. In the Spanish market, loans increased by 3.9%, compared to a decrease of 0.3% in the sector as a whole, with data from November.

**Loans rose to 68 billion euros, up 5.7% from the previous year.**

## Cornerstone of the strategy

Bankinter maintains its risk appetite principles and levels and a prudent risk profile, the management of which is one of the central pillars of its competitive strategy. The bank has a risk management model of proven effectiveness that is in line with regulatory standards and best international practices, in proportion to the scale and complexity of its business activities.

The board of directors is ultimately responsible for risk management. It approves the risk strategy and, in particular, defines the risk appetite framework. The risk appetite framework is an internal governance document that defines:

- The type and levels of risk that the group considers reasonable to accept as part of its business strategy
- A set of metrics and key indicators to monitor and manage risks. These cover variables such as risk levels and cost, returns, liquidity and capital. Tolerance levels and thresholds are established for each metric. If these are breached, they trigger corrective measures

The Risk Appetite Framework establishes the criteria that govern the group's risk strategy:

**Risk appetite statement.** Bankinter carries out its activity with a moderate and prudent risk profile. Its objective is a balanced balance sheet and a recurrent and healthy income statement, to maximise the entity's value in the long term.

**Risk management principles.** The group's risk appetite and tolerance in its activities are subject to the following principles:

- Prudent strategies, policies, organisation and management systems adapted adjusted to the size, environment and complexity of the group's activities, based on quality banking practices.
- Respect for and conformance to established regulatory requirements, limits and restrictions, and ongoing compliance with current legislation. New regulatory developments are also being anticipated, which may reduce the potential impact.
- Maintenance a low or moderate credit-risk exposure, in line with the values shown by the lowest NPL ratio in Spain's financial system and the lowest expected losses under stress scenarios.
- Working with first-class financial institutions in every country, of recognised solvency and sufficient rating to limit counterparty risks.
- Appropriate hedging of problem assets.
- Adequate return on capital invested, ensuring a minimum return over the risk-free rate throughout the cycle and complying at all times with target capital levels and operating profitably.
- Maintenance of a low level of market risk in the trading book, so that in stress scenarios the losses generated have a significantly reduced impact on the Group's income statement.

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- An ALCO portfolio comprising low-risk securities and a return commensurate with the entity's RoE requirements, designed to reduce the volatility of net interest income and adjust the impact of any changes in interest rates.
- Intense growth in the priority strategic medium-sized and large enterprise segments, characterised by higher-quality risk and its notable contribution to earnings through the generation of income, fees and commissions, and other recurring income.
- Balance of the loan book to boost profitability.
- Reduction of dependence on retail markets, supported by stable growth of retail funds.
- Diversification of wholesale funding sources, from the viewpoint of both instruments and markets, maintaining a balanced maturity profile.
- Optimisation of retail funding costs, maintaining a balance between returns on lending and market interest rates. The aim is stability and avoidance of an excessive concentration of maturities.
- Use of a risk diversification policy to avoid excessive concentration levels that could pose problems for the Bank.
- Contribution to the sustainable development of society, including the preservation of environmental resources.
- Limitation of business in sensitive sectors that could entail a risk for Bankinter's sustainability or have a negative impact on its reputation and/or honour.
- Moderate appetite for interest rate risk.
- Maintenance of a scaled-back structural FX position that is as close to zero as possible at all times.
- Strengthening control of the Bank's reputational positioning (e.g. good corporate governance, systemic risks).
- Less exposure to pension obligation risk through the most appropriate mitigating measures (e.g. outsourcing, hedging instruments, diversification).
- Willingness to round out the level of services Bankinter offers its Private Banking and Corporate Banking customers with limited-risk investment banking services.
- Optimisation of the cost-to-income ratio.
- Maximisation of shareholder value creation throughout cycles, all underpinned by a strong capital and liquidity base.
- Diversification of lines of activity. To this end, opportunities in companies in the financial sector that are related to or complement our main business model will be taken advantage of.
- Maintaining a *Common Equity Tier 1* (CET1) within the fluctuation band set by the entity, above the regulatory minimum, with a medium-term target of 10%-12%.

**The board of directors is ultimately responsible for risk management. It approves the risk strategy and, in particular, defines the risk appetite framework.**

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# Credit risk

## Defaults at all-time low and adequate cover



The economic recovery and the extension of public aid were decisive for the balances of unpaid and doubtful loans to remain at minimum levels throughout the year. How these develop in future will depend in particular on the effectiveness of the economic recovery and the rate at which the aid measures are withdrawn. The sectors most affected by the crisis -and the households whose jobs depend on them- remain highly vulnerable, because of the deterioration in their income and financial positions.

The significant increase in debt levels in public administrations makes the Spanish economy particularly vulnerable to any worsening in financing conditions.

Bankinter's risk management has been preparing for the vulnerabilities that could lead to deterioration of the loan book, although these have been less severe than was expected at the beginning of the crisis. The bank has adequate cover against such eventualities as a result of the extraordinary provisions made in 2020. Extensive additional information on this can be found in the "Impact

of the health crisis" section of Note 46 to the Consolidated Legal Report.

### NPL contained

In summary, for yet another year credit risk increased very moderately and with very contained NPL ratios thanks to the extraordinary measures taken against the pandemic and the bank's proactivity in applying them. Computable credit risk (which includes off-balance sheet risks) increased by 6.2% in the year.

Underperforming loans increased by 29.8% due mostly to the reclassification of customers in the sectors affected most by the pandemic. Non-performing loans remained stable (+0.5%) and the NPL ratio fell to 2.24%, representing a reduction of 5.4% in the year. The non-performing loan ratio in Spain was 2.4% compared to the sector average of 4.29%, according to Banco de España data from November 2021.

#### Asset quality – Credit risk

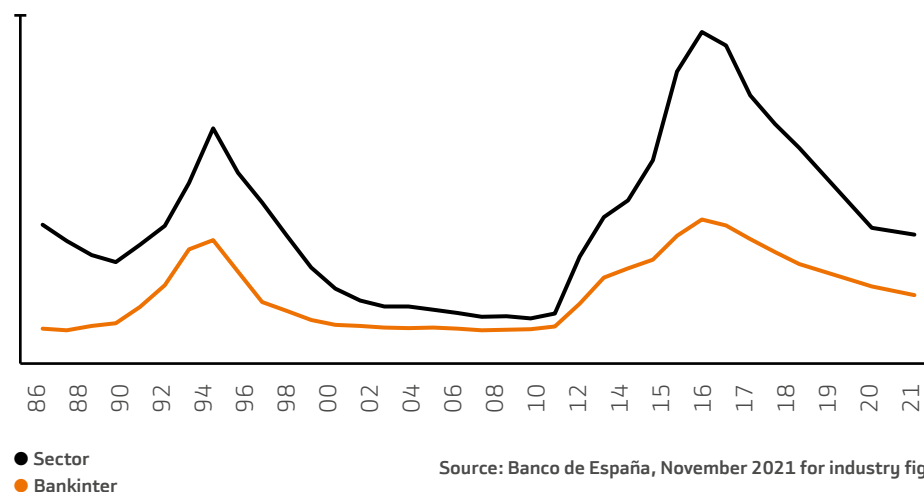
Thousands of euros	31/12/2021	31/12/2020	Change	% change
<b>Eligible exposures</b>	<b>75,667,818</b>	<b>71,243,941</b>	<b>4,423,877</b>	<b>6.2%</b>
Stage 1 (Performing loans)	71,864,821	67,933,648	3,931,173	5.8%
Stage 2 (Underperforming exposures)	2,109,457	1,625,086	484,371	29.8%
Stage 3 (Non-performing exposures)	1,693,541	1,685,207	8,333	0.5%
<b>Credit risk allowances and provisions</b>	<b>1,076,381</b>	<b>1,020,270</b>	<b>56,111</b>	<b>5.5%</b>
Stage 1 (Performing loans)	203,711	212,511	-8,801	-4.1%
Stage 2 (Underperforming exposures)	102,973	69,430	33,543	48.3%
Stage 3 (Non-performing exposures)	769,698	738,329	31,369	4.2%
Non-performing loan ratio (%)	2.24%	2.37%	-0.13%	-5.4%
Non-performing loan coverage ratio (%)	63.56%	60.54%	3.02%	5.0%
<b>Foreclosed assets</b>	<b>170,655</b>	<b>227,145</b>	<b>(56,490)</b>	<b>-24.9%</b>
Provision for foreclosed assets	89,767	110,241	-20,474	-18.6%
Foreclosure coverage (%)	52.60%	48.53%	4.07%	8.4%

Provisions for credit risk increased by 5.5% in anticipation of the potential effects of the pandemic. This is fully explained in Note 46 to the consolidated legal report.

The balance of foreclosed asset decreased by 24.9% in the year to 171 million euros at 31 December 2021, equal to 0.3% of total credit risk.

Below is a description of the evolution and main figures by internal business units in terms of eligible exposures:

Changes in the NPL ratio (%) – Spain



**Individuals.** Credit increased by 6.5%, with momentum in all segments. The individual lending portfolio totalled 31,724 million euros at year-end, with an NPL ratio of 2.0%. The home mortgage portfolio recorded a Loan To Value of 56% and 87% were secured by the borrower's first home. The non-performing loan ratio was 1.6%. The average effort (measured as the proportion of income that the customer allocates to paying mortgage loan instalments) remained extremely low (22%). Mortgage activity started up in Ireland the year before but took off last year, ending December with a balance of 424 million euros. Consumer credit returned to normal in the year and grew by 7.4%, with a business of 2.671 billion euros, 3.5% of the total credit risk. Risk-adjusted margins, and NPLs and NPL ratios remained under control and in line with typical levels for this type of business.

**Corporate Banking.** Credit risk in this area decreased by 5.1% to 16.403 billion euros with an NPL ratio of 0.66%. In this segment, where the business activities are more international and less exposed to Spain's economic solid, Bankinter boasted a solid competitive position based on specialisation, KYC, flexibility and quality of service.

**Small- and medium-sized enterprises.** It grew by 3.0% in the year and the portfolio stood at 15,171 million euros, with a default rate of 5.2%. The Bank uses automated decision-making models to manage this segment, along with centralised teams of highly-experienced risk analysts.

**Portugal.** Its loan book contributed risk of 7.611 billion euros, with growth of 8.8% and an NPL ratio of 1.72%.

Individuals

€31.72

bn

+2.0%

Corporate banking

€16.40

bn

-5.1%

SMEs

€15.17

bn

+3.0%

Portugal

€7.61

bn

+8.8%

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# Structural and market risks

## Inflation spike



The year was characterised by a pick-up in inflation and by the actions of the central banks, which preserved, as in the previous year, their policies of supplying ample liquidity and intervening in the debt markets. In certain markets, systematic purchases public debt by central banks continued to trigger a reduction in market depth.

Structural interest rate risk. The Bank's exposure to changes in market interest rates arising from the different timing structure of maturities and repricing of global balance sheet items. Bankinter actively manages this risk with the aim of safeguarding net interest income and preserving the Bank's economic value.

The exposure of net interest income to different scenarios of interest rate changes is analysed monthly using dynamic simulation measures. With a more long-term outlook, the Bank also analyses the sensitivity of its economic value to movements in interest rates.

The interest rate risk exposure of net interest income of parallel shifts of  $\pm 100$  basis points in market interest rates is 9.3/-2.5%, for a 12-month horizon.

The sensitivity of economic value to parallel shifts of  $\pm 100$  basis points was +11.1%/-5.8% of own funds at year-end 2020.

Management assumptions were used to calculate both measures, considering negative interest rates, except for items with a Euribor floor.

## Structural liquidity risk

Risk associated with the Bank's ability to meet the payment obligations it acquires and to fund its investment lending business. The Bank actively monitors liquidity and liquidity forecasts, as well the actions to be taken in both business-as-usual situations and in exceptional circumstances arising due to internal causes or market behaviours.

The instruments used to control liquidity risk include monitoring changes in the liquidity gap or map, such as information and specific analysis of balances resulting from trade transactions, wholesale maturities, interbank assets and liabilities and other funding sources. These analyses are performed under business as usual conditions or simulating different scenarios of liquidity needs based on varying business conditions or market changes. Bankinter's liquidity management includes monitoring of short-term (the liquidity coverage ratio or LCR) and long-term (net stable funding ratio or NSFR) regulatory ratios.

During 2021, the entity's liquidity position improved significantly due to the positive performance of the customer funding gap (the difference between investment and customer funds). Fund levels are higher than loans and receivables. Customer funds have grown sharply and have comfortably met the liquidity needs generated by the growth in lending.

This improvement led to a significant increase in available liquid assets, which made it possible to maintain LCR levels comfortably above both the regulatory threshold and the internal limits set in the Bank's Risk Appetite Framework. At the end of 2021, the LCR ratio stood at 228.6%, compared to 198.1% recorded at the end of 2020.

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The liquidity ratio, the NSFR, which measures the proportion of long-term assets funded by stable funding, stood at 151.0%, up from 133.0% the year before. The Bank's financing structure, with a significant and increasing weight of customer deposits and wholesale funding focused on the medium-long term, has driven a steady increase in this indicator.

In relation to wholesale funding, maturities were replaced with new issuances. Thus, dependence on wholesale markets continued at the same levels as in the previous year.

## Market risk

The possibility of losses as a result of changes in the market prices of on- and off-balance sheet positions of the trading book. To measure it, Bankinter uses the historical value at risk (VaR) methodology with data for one year and a 95% confidence interval.

An asset portfolio's VaR is the estimated maximum potential loss that could be incurred for a specific time horizon with a particular confidence interval. Given the instability experience in recent years, Bankinter kept limits unchanged from the previous year.

The following table sets out the VaR values of trading positions at the close of 2021.

Moreover, the VaR of the portfolio positions of the subsidiary Bankinter Luxembourg are monitored on a monthly basis using the historical simulation methodology. The VaR of this portfolio at the end of the year was 0.06 million euros.

### 2020 VaR trading

Millions of euros	Last
VaR – Interest rate	0.46
VaR – Equities	0.40
VaR – Exchange rate	0.06
VaR – Volatility rate	0.40
<b>Total VaR</b>	<b>0.71</b>

During 2021, the Bank's liquidity position improved significantly due to the positive performance of the customer funding gap.

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# Reputational risk

## Progress in the management model

Reputational risk is the risk arising when the expectations of stakeholders (e.g. customers, shareholders, employees, investors, etc.) are not met and their reaction can adversely affect existing or new business relationships with them.

It is essential to understand the unique nature of such risks to manage them. They are unique because they depend on external assessments and can originate from a wide variety of sources, including other risks.

In 2021, the entity made advances in the management model for this type of risk, updating the prioritisation of stakeholders and the repertoire of reputational risk events, and developing a global indicator for exposure.

The management model for these risks is based on prevention. Identifying and controlling them proactively is key to reducing the likelihood they will occur and mitigating their impact. The Bank has various tools at its disposal for this:

- Regular measurement of the perception and expectations of the Bank's main stakeholders based on RepTrak®, the international standard for measuring and managing reputation.
- Monitoring and analysis of mentions of the entity in conventional and social media, in addition to active listening to gauge trends in the market and environment.
- Assessment of reputational risk before marketing a product or outsourcing a service.
- Monitoring and quarterly reporting to senior management of metrics for each stakeholder.
- Crisis management protocol to preserve reputation and business continuity.

All employees are responsible for safeguarding the entity's reputation, guided by a number of professional conduct and ethics manuals. Therefore, training and awareness of all staff is crucial for creating a strong internal culture of prevention.





# Operational risk

## An efficient management model

Operational risk is linked to the possibility of incurring losses from failed internal processes, people and systems or from external events (e.g. natural disasters), including legal risks.

Bankinter's operational risk management model is the 'standardised approach' according to prevailing solvency regulations. This method requires the existence of systems for identifying, measuring and managing operational risks, prior authorisation from Banco de España and an annual audit. Bankinter ensures access to best sector management practices by participating in the Spanish Operational Risk Consortium (Consortio Español de Riesgo de Operacional), a forum of financial institutions for sharing experiences regarding operational risk management.

With a view to achieving an efficient system for managing operational risk, Bankinter has set forth the following basic principles of action:

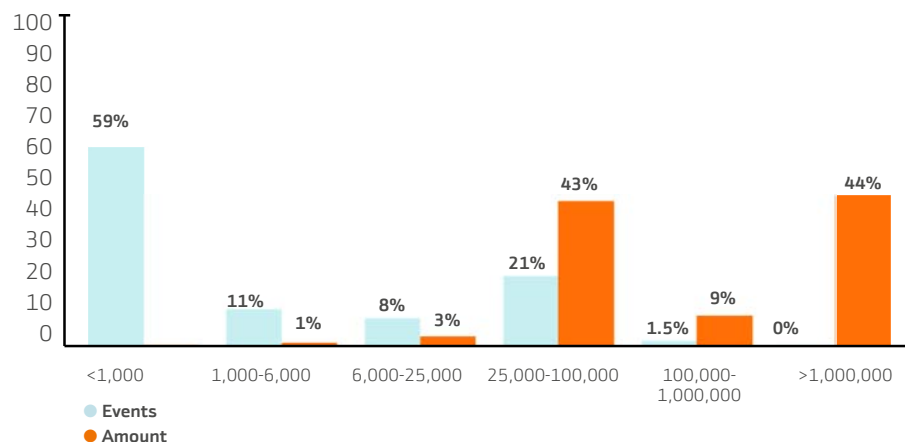
- Management focussing on preventive mitigation of major operational risks.
- Decentralised management model.
- Periodic review of the situation and degree of management of each unit.

With regard to loss events in the year, Bankinter's operational risk profile is summarised in the following charts.

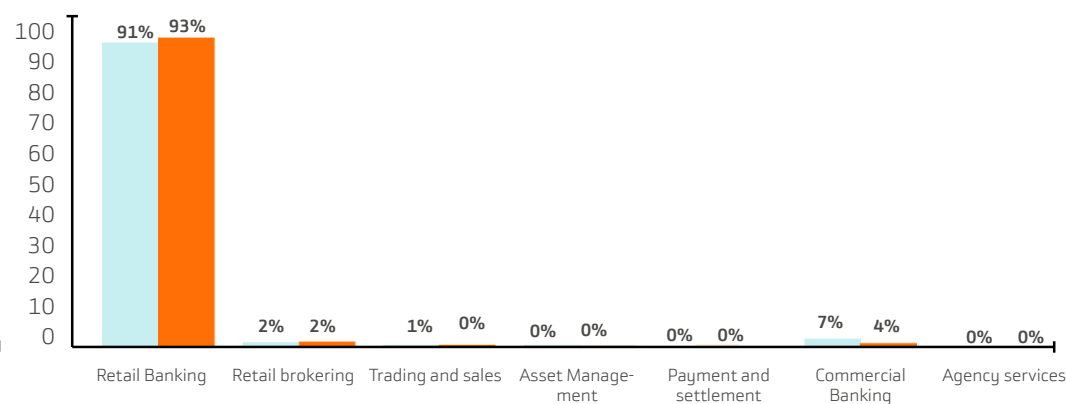


\*More detailed information on these risks can be found in the Prudential Relevance Report, the group's Consolidated Legal Report and the Annual Corporate Governance Report. In 2021 Bankinter made significant progress in managing the portfolio's climate change risk. A full explanation is provided in the Non-Financial Information Statement.

Percentage breakdown by amount intervals



Percentage breakdown by line of business



# Regulatory Compliance

**A new institutional framework to strengthen the second line of control**



The bank must achieve its business objectives while complying not only with regulations, but also the domestic and international standards and best practices required of its operations. Regulatory compliance is not just a legal obligation for Bankinter, it is an ethical commitment to society.

This commitment also serves as an opportunity to reflect for Bankinter to become a leading institution adapted to the new reality of the finance industry, which is subject to the need to change relationships with customers and adjust the bank's business model in line with new financial consumption habits and multiple reporting requirements.

The growing importance of regulatory compliance has been underlined by the entry into force (first as a result of the economic and financial crisis and then as a result of the health crisis) of several highly complex regulations and the launch of a new supervisory architecture, obliging the bank to strengthen its available resources.

The purpose of the compliance function is to assess and provide guidelines for the lines of business that help define its strategy, ensuring compliance with applicable legislation at all times. With this in mind, all areas of the compliance function spare no efforts in enhancing the training activities of its commercial staff.

## New Department of Control and Compliance

The regulatory compliance function is integrated within Bankinter through an internal institutional framework. The new Control and Compliance Department was formed in January 2021, integrating the areas responsible for the following second lines of control in the entity:

- Risk Control and Internal Validation Unit
- Financial control and analysis unit
- Regulatory Compliance unit
- Anti-Money Laundering And Counter Terrorism Financing Unit.

The decision aims to standardise the information systems of these second-level control areas, ensuring greater interaction between them and a single risk map. All of this will result in greater efficiency and optimisation of resources and will provide the second line of control with the necessary independence to perform its functions, in line with the best practices in this field.

The new Department was included as a corporate function in September 2021, structured so as to coordinate the management of all risks at the group level, while preserving the individual and specific features of each country. The new framework also allows for better coordination of the control and compliance areas at a global level, as well as the simplification of reports and controls within the organisation, by establishing common policies and procedures and a single methodology, in accordance with the new international internal control framework standards.

This corporate structure follows the model based on the three lines of defence and is integrated into Bankinter's risk culture, which is deeply rooted in the organisation and driven by the strong involvement of the Board of Directors and Senior Management. Its application leads to the agile

and efficient use of the necessary tools and systems to ensure compliance with the regulations and prevent undesired behaviour. The risk control culture is reinforced through an incentive policy aligned with the Group's risk appetite, a continuous and compulsory training programme for the entire workforce, and a reinforced whistleblower channel.

Under this regulatory and institutional framework, the bank developed the basic areas of the compliance function in 2021 through the following units:

- **Control and advice on banking transparency and products, investment services, market abuse, Internal Code of Conduct and conflicts of interest.** Bankinter has implemented a methodology based on the risk approach that enables the risk of default in each area of activity to be assessed in relation to the provision of investment and banking services.
- **Anti-money laundering and counter terrorist financing.** In 2021, the risk control and management framework was reinforced and centralised monitoring was developed.
- **Risk Control and Internal Validation.** This unit is in charge of controlling credit, operational, technological, and market and institutional risks.
- **Financial control and analysis.** It reviews the general framework of internal financial control and outsourced services.

The functions of Regulatory Compliance and Anti Money Laundering and Counter Terrorism Financing are integrated into the Corporate Control and Compliance Department, which has global and corporate responsibilities and supports the Group's governing bodies. The head of the Control and Compliance division reports to the chief risk officer, and reports hierarchically to the board of directors' risk and compliance committee. The Control and Compliance unit ensures effective control in relation to the bank's risk culture and policies, and compliance with its operating procedures and regulations. It also guarantees that risks are managed as per the defined risk appetite.

This organisational structure enables the Bank to adequately manage the risk of failing to comply with regulations, which also entails significant reputational risk, with a potentially adverse impact on relations with customers, markets, employees and the authorities. In particular, failure to comply with regulations may lead to sanctions, damage or cancellation of contracts, harming the bank's image.

In particular, it is involved in the following bodies of the bank:

- **The Regulatory Compliance Committee.** This is the senior management body that monitors the Bank's compliance policies according to the Charter of the Regulatory Compliance function. The committee executes the policies in relation to the regulatory and regulatory compliance matters established by the board of directors' risk and compliance committee.

- **The products and operational risk committee.** This committee approves the launch, modification and cancellation of products and services offered to customers. It is the body to which information on the entity's operating and operational risk is reported. During 2021, new products and services continued to be reviewed, along with existing products and services. This guarantees that the correct target audience is being reached and that the services and products are offered with sufficient quality and control guarantees.
- **The internal control body.** The body in charge of establishing and ensuring compliance with anti-money laundering and counter-terrorism financing policies and procedures, pursuant to Law 10/2010 and other applicable legislation. This body must be aware of the risks applicable to the bank in this regard and ensure that the necessary measures are taken to mitigate them effectively.

In addition, to support the supervisory function of the Board of Directors, other specialised Senior Management committees have been set up, which the Control and Compliance Department participates in to ensure effective and consistent risk management, such as the Crime Prevention and Professional Ethics Committee. It is also involved in various committees, such as the credit risk map monitoring committee, the credit risk models committee, the data management operations committee; the coordination of technological risks committee, the information security and business continuity committee, and the outsourcing committee.

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## Three-year regulatory map

Bankinter Group has assigned the competencies of identifying and reporting regulatory changes to the Regulatory Area, attached to the Office of the General Secretary. The Regulatory area facilitates the early detection of the potential impacts of regulatory changes, thus reducing their risks. Every year it prepares a three-year regulatory map that serves as the basis for the relevant strategy. The management of regulatory change was carried out in a cross-cutting manner last year, through the participation in various projects that required the adaptation of Group activities or processes. These notably include regulations deriving from the European

Union's legislative package on Sustainable Finance and preparation of a new report to the Banco de España under Circular 4/2021, on models for reserved statements in matters of market conduct, transparency and customer protection, and on the recording of complaints.

Another priority was the final cessation or loss of representativeness of certain LIBOR maturities and currencies announced by the UK Financial Conduct Authority, with advice being provided to the Group Regulation area regarding adaptation and the analysis and decisions to be adopted in order to mitigate the impact and carry out a smooth transition.

The entry into force of consumer protection regulations, such as those relating to open-ended credit associated with payment instruments, also required certain adaptations that enhance customer protection. In the same vein, the guide on the criteria for organising and running customer services to be followed by banks supervised by Banco de España was adapted.

Other significant regulatory changes included: those introduced by: the Central Securities Depository Regulations, specifically with regard to the Securities Settlement Discipline regime; the ESMA Guidelines on the Regulatory Compliance function; and those resulting from transposition of Directive 2015/849, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

## Intense activity

Looking ahead to 2022, intense regulatory activity is expected. Below are the main projects underway:

- Level-two regulatory developments of the Sustainable Finance legislative package. Bankinter Group is committed to and supports this legislative package, which will increase Europe's resilience.
- Relaxation of some aspects of the Markets in Financial Instruments Directive, as a result of the *quick-fix* carried out by the European authorities in response to the COVID-19 pandemic.
- Developments in the transition of certain LIBOR maturities and currencies, calculated during 2022 under a synthetic methodology, and the smooth transition towards risk-free indices designated by the European Commission.
- Adaptation of the entity to the modifications made and being reviewed under PRIIPS, the Regulation on packaged retail investment and insurance products.
- Proposed regulations on Markets in Crypto-Assets and on Artificial Intelligence and the results of the application of the DLT Pilot Regime.
- Changes to the European Union package on anti-money laundering and counter terrorist financing, with the creation of the new European authority, the modifications to the regulation on information accompanying transfers of funds, and the anti-money laundering and counter-terrorism financing regulation.
- In the longer term, it will be necessary to pay attention to regulations that have not yet been adopted, but that will have a significant impact, such as the Digital Operational Resilience Act (DORA), the European Union initiative on retail investment and the reviews of directives such as Consumer Credit or Mortgage Credit.

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# Digital security

## A new three-year master plan

Information security is a great priority at Bankinter. In 2021, in order to fulfil this commitment, the projects agreed within the Security Master Plan were performed. The objective is to guarantee high levels of confidentiality, integrity and availability for customers, employees, shareholders and suppliers. In addition, during the financial year Bankinter decided to rename the Information Security area Digital Security and drew up a new Master Plan, which sets out the entity's information security strategy and objectives for the next three years.

The model for the fight against cybercriminals is based around three lines of defence: the first line is technology, business, operations, etc.; the second line comprises risk control and regulatory compliance bodies; and the third line is the Internal Audit department.

From an organisational viewpoint, a new model was implemented in the first line in 2018 within the Data Security Department consisting of three management areas: technological risk, cybersecurity and security monitoring, and prevention of electronic fraud. In 2021, a new department was created to enhance continuity and response to incidents.

Based on this new reinforced structure, Bankinter has undertaken a set of projects with a higher level of maturity where the main focus has been on the vectors of greatest threat. Not only is it necessary to protect the entity's assets; it is also necessary to ensure security within the supply chain to guarantee the proper functioning of business processes.

## Awareness

The activity of the area is completed by the development of awareness plans for users, who are the weakest link in the security chain. The Bank provides online training programmes for employees and carries out simulations to obtain confidential information (passwords, personal details, etc.) through emails, text messages (smishing) or telephone calls. (vishing), etc. The aim is to discover their reaction in situations that can be exploited by cybercriminals. The awareness-raising exercise includes external staff.

The growing importance of information security highlights the rapid expansion of cybercrime, the activities of which have evolved and become much more dangerous. Initially it involved the actions of individual hackers, who were not only motivated by money. Nowadays, cybercrime has created large and sophisticated business structures that are capable of attacking entire economic sectors.

The theft of confidential big data from companies, the denial-of-service attacks and phishing (using the identity of companies or public bodies in order to obtain confidential information from the victim), access to Swift or ransomware, are the main strategies used by cybercriminals.

Financial institutions are particularly exposed to this kind of manipulation and fraud as a result of their permanent contact with the public and the nature of their business, part of which involves payment systems.

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2021

Integrated  
Annual  
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# Digital Banking

## Returning to strategic projects after the exceptional first year of the pandemic

Last year, Digital Banking once again focused its activity on Bankinter's strategic projects, after the extraordinary efforts made in 2020 to guarantee that operations ran smoothly in the exceptional circumstances resulting from the health crisis. In the first year of the pandemic, the priority was to provide employees with the option to work from home and to provide customers with the option to interact with us remotely. However, in 2021, we were able to focus on the objectives set for Digital Banking once again.

In short, these objectives are reinforcing the quality and capabilities of digital channels, rapidly evolving business capabilities, improving scalability and operational efficiency, and incorporating innovation and modernisation in order to increase the bank's technological competitiveness.

### Digital channels

In 2021 Bankinter achieved, thanks to the continuous improvement of functionalities and technical performance, an improvement in the customer's perceived quality in the main mobile Apps of the bank, with an increase of more than 10 points in the NPS in the Corporate, Individual and Broker Apps.

In this area, the bulk of the efforts were aimed at updating the company website, adding new digital and transactional capabilities, and redesigning and deploying a new mobile app for Individuals, with improved usability and speed thanks to native technology and the availability of functionalities depending on the customer's circumstances.

### Commercial operations and new business capabilities

Digital Banking has also provided new tools in the field of business intelligence, which automatically adapt the bank's actions based on the customer's reactions to the sales proposals received, which means proposals can be customised and tailored to customers' requirements.

One of the most significant developments in 2021 was the launch of 'Bankinter Capital Advisor' stands out, a fully digital personalised advisory service, which allows customers to build their own portfolio of funds. The process is quick and easy and the bank provides ongoing advice. The portfolios are designed by Bankinter's Analysis Department, which has significant experience in selecting fund portfolios, with proven returns.

### Agile and efficient mortgage process

One of the challenges in the processes area is to optimise mortgage loan operations, which constitute an important part of the bank's activity and in which many areas are involved, from the branch network to the Risks and Insurance areas. With this objective, in 2021 a new process was rolled out throughout the network, incorporating improvements in all phases of simulation, study, approval and formalisation and enabling all the prior documents to be signed before the final notarisation process. The new process not only allows all the tasks associated with the process to be streamlined and made more efficient, but also provides information about all its phases for decision-making oriented towards the continuous improvement of service quality.

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# Bankinter Innovation Foundation

## Getting ahead

Bankinter Innovation Foundation works with the goal of innovation transforming society. It has created a global and multidisciplinary community of innovators that works in four key areas:

- Knowledge, through the Future Trends Forum think tank.
- Entrepreneurship, through the Startups programme.
- Education, with Akademia and its actions in universities.
- Companies, to whose support the Cre100do Foundation is dedicated.

In 2021, the Bankinter Innovation Foundation saw how it could take advantage of the momentum of the changes that the pandemic has brought with it, increasing, improving and creating new activities to bring innovation to more people.

Of the new developments for the year, the repositioning of the brand and the launch of the new website, the creation of new proposals such as the FIBK Voices and the birth of #FutureTalks within the Future Trends Forum stand out.

The Scaleup Spain Network programme was launched together with Wayra and Endeavor, resulting in 24 future scale-ups (innovative companies that, unlike a start-up, have a proven business and want to scale it up) receiving support on their growth path. As part of this new programme, the first report on the impact of scale-ups on the Spanish economy was published.

Two other universities joined Akademia for the 21/22 academic year: The University of Navarre and the University of Murcia.

The Cre100do Foundation added 12 new excellent companies to the support programme for the development of the Spanish middle market.

## Board of Trustees

One of the most characteristic features of the Bankinter Innovation Foundation is the composition of its board of trustees, which brings together 23 of the most innovative minds in the business world on an international scale, leading entrepreneurs and representatives from the public sector and academia.

### Bankinter Foundation board of trustees

Name	Surname	Nationality
Jose Maria	Fernández-Sousa	Spain
John	de Zulueta	Spain
Rafael	Mateu de Ros	Spain
Angel	Cabrera	Spain
Antonio	Damasio	Portugal
Dongmin	Cheng	China
Charles	Bolden	United States
Emilio	Méndez	Spain
Carlos	Mira	Spain
Maria Dolores	Dancausa	Spain
Gloria	Ortiz	Spain
Pedro	Guerrero	Spain
Philip	Lader	United States
Richard	Kivel	United States
Robert	Metzke	Germany
Eden	Shochat	Israel
Jens	Schulte-Bockum	Germany
Soumitra	Dutta	India
Tan Chi	Nam	Singapore
Stephen	Trachtenberg	United States
Wilfried	Vanhonacker	China
Sheila	Stamps	United States
Grace	Xin Ge	China



## Future Trends Forum

<https://www.fundacionbankinter.org/programas/ftf/>

What will the world of tomorrow look like? The Future Trends Forum (FTF), which is one of the Bankinter Innovation Foundation programmes that best portrays the ongoing search for innovation as a transformative tool, seeks to answer this question by anticipating the trends that will define the near future.

Made up of 747 experts, the FTF brings together some of the brightest minds on the planet twice a year to analyse, debate and propose solutions to the main challenges facing our society. The participants last year included: Jeff Selingo, author in higher education, and Cristina Dolan, Founder of InsideChains.

### Future of work

The experts from the Future Trends Forum analysed the workplace, proposing recommendations on training, reskilling and upskilling of professionals, and organisation of companies. This is all with the aim of promoting a future of work that reaches new levels of competitiveness and resilience.

The analysis and recommendations of the experts are available in the report *'The future of work', a challenge of today*.

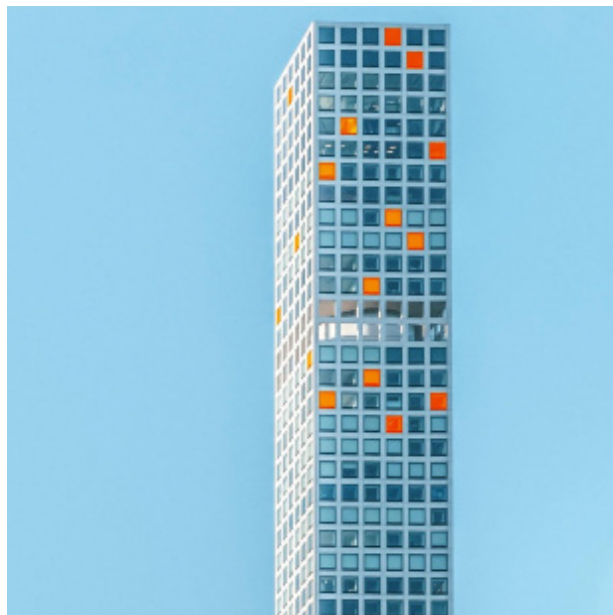
### Events

In 2021, meetings with the FTF experts started to be held in person again, and the standards of perceived quality among the participating experts was maintained (4.3/5). Outreach activities continued to be rolled out in a virtual format due to the pandemic and the ability to reach wider audiences.

At the beginning of the year, a series of webinars were held to promote the trend of *Confidence in the digital age*, which analyses why we lose confidence and how we can recover it. In the second half of 2021, the theme of the webinars was the future of work.

#FutureTalks were also launched, an initiative that aims to familiarise Spanish society with the most disruptive trends of today, which will shape the future. In 2021, prominent international experts such as Darío Gil, senior vice president of IBM and director of IBM Research; Ángel Cabrera, president of Georgia Tech, and Antonio Damasio, one of the most renowned neuroscientists in the world, took part.

A total of nine online events on various trends were held, which were attended by more than 4,000 people worldwide.



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## Startups

<https://www.fundacionbankinter.org/programas/startups/>

Technological entrepreneurship is one of the main levers of innovation. The original and unique vision of the startup ecosystem provides the potential required to generate new business models that will allow us to transform our society.

Through the Startups programme, the Bankinter Innovation Foundation provides entrepreneurs with decision-making tools such as the Startups Observatory, the Scaleup Spain Network programme or the Venture Capital programme, which invests in innovative startups.

### Venture Capital

This programme relies on the joint effort of Bankinter Innovation Foundation and Bankinter Venture Capital to invest in the most innovative startups in our country with the bank's funds.

Venture Capital looks for startups with exceptional value propositions, an international scope and scalable models based on validated technology, located in Spain, Portugal and Ireland.

The programme has been running since 2013 and has already invested in more than 40 startups. But our commitment goes far beyond financing: we accompany you every step of the way, providing the added value of our extensive experience as investors and deep knowledge of the startup ecosystem.

In 2021, it joined the Jotelulu portfolio, a solution to transform IT and communications service providers for SMEs into Cloud providers.

<https://www.fundacionbankinter.org/en/programs/startups/venture-capital/>

### Startups Observatory

This initiative offers transparency and visibility of the state of investment in Spain in real time, through an interactive tool. The data that the Observatory has is updated weekly and contains information about all investments in startups published in Spain.

In addition, it provides a quarterly report with the key movements in the startup ecosystem in Spain, including details of the sectors that attract the most capital, the startups that have attracted the largest investments and the most active national and international investors.

<https://www.fundacionbankinter.org/en/programs/startups/observatorio/>



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## Scaleup Spain Network

One of the main challenges of the startup ecosystem in Spain is getting startups to develop into scaleups, larger companies capable of transforming a country's production models and creating employment and a long-term impact on society.

This is why the Bankinter Innovation Foundation joined forces with Wayra and Endeavor in this learning programme designed to support and connect scaleups, building a partnership network between founders, which allows them to create links, share experiences and learn together.

This programme involves a hybrid learning model with key concepts and case studies from some of the most successful scaleup founders and experts such as Juan de Antonio, founder and CEO of Cabify; Lupina Iturriaga, founder of Fintonic, and Pepita Marín, CEO of We are Knitters.

After a successful first edition that saw the creation of 11 companies in 2020, the programme was launched again in 2021 with 13 new scaleups: Ritmo, Climate Trade, Frenetic, Trucksters, Cobee, OpenWebinars, Payflow, IDOVEN, Mlean, Zinklar, Quibim, Mysphera and Coinscrap.

In 2021, the first report on the *impact of scaleups on the Spanish economy* was launched, which demonstrates the key role this type of company plays in creating wealth and employment in our country, as well as in building a robust and globally competitive business structure.

 <https://www.fundacionbankinter.org/programas/scaleup-spain-network/>

## Coffee with Entrepreneurs

The programme also organises 'Coffee with entrepreneurs' to foster entrepreneurship, where leading figures in the Spanish entrepreneurial ecosystem share their experience and the challenges they have faced.

Since 2020, these meetings have been held online in webinar format. This meant 633 people were able to attend in 2021.

Six such meetings were held, with the attendance of Javier Polo, former CEO of Playgiga; Vicent Rosso, CEO and founder of Consentio; Carles Pons, CEO and founder of Kokoro Kids; Javier Perea, CEO of Smart Protection; Jorge Dobón, chairman and founder of Demium, and David Amorín, CEO and founder of Jotelulu.

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## Akademia

<https://www.fundacionbankinter.org/programas/akademia/>

Akademia was set up in 2007 to promote innovative talent at Spain's leading universities.

For one semester and in online format, students from different professional backgrounds and universities have the opportunity to find out how to solve problems in an innovative way, while working in multidisciplinary groups, which helps them create their own network of contacts.

As well as having the opportunity to work with students they might otherwise have met, the teachers are professionals and entrepreneurs who discuss topics that drive critical and innovative thinking, such as the latest trends that are changing the world.

**Akademia was set up in 2007 to promote innovative talent at Spain's leading universities.**



During the 2020-2021 academic year, Akademia was rolled out virtually at 11 universities (Santiago de Compostela, Comillas Pontifical University, University of Barcelona, Polytechnic University of Valencia, University of Salamanca, University Carlos III of Madrid, Loyola University Andalusia, Institute for Market Studies, Pompeu Fabra University, University of Murcia and University of Navarra), with the introduction of being able to choose between three options with different schedules and combining students from all universities

A total of 143 students attended and the course recommendation rate was 98%.

One of the main features valued by Akademia students is the personal contact with the programme's experts, which include more than 60 professionals, FTF members, managers of Cre100do companies, entrepreneurs, investors and professors, all involved in innovation.

The "Digitalisation of companies through artificial intelligence" programme concluded in 2021 with 18 Cre100do companies. Three sessions on innovation and digitalisation were organised for managers in collaboration with the Castile-León Family Business Association.

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<https://www.fundacionbankinter.org/en/programs/cre100do/>

We know that medium-sized companies are a key segment for the Spanish economy and we want to help them continue to grow beyond our borders. That is why the CRE100DO programme was designed in 2013, launched together with ICEX and the Círculo de Empresarios and which subsequently became the CRE100DO Foundation.

This Foundation promotes business excellence by grouping outstanding companies in the Spanish middle market to stimulate their growth and cooperation, boosting the Spanish economy and generating a positive impact on society.

In its journey to enhance the excellence of companies, Cre100do promotes the values and capabilities that make this possible by incorporating the best management practices, stimulating the adoption of new technologies, promoting collaboration between companies and promoting social and environmental responsibility.

The national programme provided by the CRE100DO Foundation supports 125 companies in their transition into becoming large companies that then pave the way and set an example for the rest of the middle market. AUSA, Cafento, Campus Training, Dentaïd, Erum Group, Gullón, Kids&Us, Logifruit, Perfumes y Diseño, Prim, Velilla Group and Vitrinor joined the programme in 2021.

A total of 45 activities were carried out with the participating companies.



**The national programme offered by the CRE100DO Foundation supports 125 companies in their transition to becoming large companies.**

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# Corporate governance

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# Corporate Governance

## Continuous reinforcement of the internal governance structure and model



Bankinter has traditionally been known as an organisation with a strong commitment to sustainability; i.e. responsible performance in all its areas of its operations. In terms of its internal governance, this translates into a robust corporate governance model, formed of the following pillars:

- Its Board and Commissions are designed and composed in such a way as to guarantee diversity and effectiveness;
- Robust internal decision-making processes, and
- A clear corporate structure, with well-defined lines of responsibility to ensure that risks are duly identified, assessed and managed.

Under the board's leadership and oversight, this model helps achieve the core objective of long-term value creation for all stakeholders: shareholders, customers, employees, etc., and the environment and society in general.

Within this framework, various innovations and improvements were implemented during the 2021 financial year.

## Changes in governing bodies

In 2021, Bankinter continued to strengthen the composition and effectiveness of the board of directors and board committees, as described below:

### Board of Directors

Cristina García-Peri was appointed independent director (with 99.012% of votes in favour) in replacement of Rafael Mateu de Ros Cerezo, who stepped down from his position after completing the maximum 12-year term of office as independent director without being proposed for re-election at the Annual General Meeting held in April 2021.

In the appointment of Ms. García-Peri as candidate, the board highlighted her "vast experience in the new and emerging area of ESG goals, which is of particular relevance for stakeholders, and her active role in several international corporate social responsibility forums, which would help Bankinter anticipate trends and guidelines in this area."

Therefore, a total of 11 directors now sit on the board of directors, distributed among the following categories:

six (6) independent external directors;

two (2) executive directors;

two (2) external proprietary directors; and

one (1) 'Other external director'.

Therefore, the board of directors still has both the necessary size to favour its efficient operation, participation by all the directors and agility in decision-making, and a structure that reflects the existing proportion between the capital of the company, represented by proprietary directors, and the rest of the capital, by having 54% independent directors. Bankinter adheres to national and international best practices and recommendations.

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With regard to gender diversity, Bankinter reached the goal of 30% representation on the board of directors for the least represented gender in 2015. Nevertheless, in all the selection processes for new members, the board followed objective criteria free from any restraints or biases that could limit the access of women to board positions.

Following the amendment of recommendation 15 of the Good Governance Code of Listed Companies in 2020, and considering the size of Bankinter's board of directors, the board of directors, on the recommendation of the appointments, sustainability and corporate governance committee, agreed on a new target for the representation for women (currently the least represented gender) on the board of 40% to be reached by the end of 2022, in line with the aforementioned recommendation. Female directors currently represent 45.5% of the total members of the board, with four independent external female directors and one female executive director, who is also the chief executive. This marks compliance with another target by Bankinter before the deadline.

Moreover, as regards diversity, the members of Bankinter's board of directors overall possess sufficient and appropriate knowledge and experience to cover all the areas necessary for running the entity's operations, including: a) the business and the key related risks; b) each of the material lines of business; c) the relevant areas of industry/ financial expertise, including financial and capital markets, solvency and modelling; d) accounting and financial reporting; e) risk management, compliance and internal audit; f) information technology and security; g) local and regional markets; h) legal and regulatory environment; i) management skills and leadership experience; and j) strategic planning capability.

As a result, the current composition of Bankinter's board of directors fully complies with the diversity targets established by the board regarding national and international knowledge and experience, gender and age.

### Board committees

Bankinter's board committees underwent considerable changes in both composition and the distribution of their advisory powers in 2021.

#### ▪ Remit

Firstly, the risk committee was attributed to remit until then of the audit committee regarding the compliance function. This amendment arose from unification, at the end of December 2020, of the second lines of defence in the new Corporate Control and Compliance division, integrated into the Bank's organisation through the Risk division in line with best practices in compliance. Accordingly, the risk committee changed its name to the risk and compliance committee. It also took on a more holistic view of the risks arising from the operations of the Bank and Group companies, without prejudice to the competences still attributed to the audit committee. This was included in the committee's rules and regulations, thereby completing the internal regulations of the board committees after approval of the rules and regulations of the audit committee in 2019 and of the rules and regulations of the remuneration committee and of the appointments, sustainability and corporate governance committee in 2020.

Percentage of women

**45.5%**



Independent directors on the Board of Directors

**54%**

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Secondly, given the importance Bankinter attaches to environmental, social and governance (ESG) goals, as set out in its strategic sustainability plan, which entails 17 strategic lines of action divided into the three ESG dimensions, the monitoring and oversight function of the relevant committee was strengthened. It is now called the appointments, sustainability and corporate governance committee. Bankinter decided to keep the same number of committees, but reinforce the monitoring role of this committee, while ensuring its composition is aligned with this priority, as explained below.

- Composition

Regarding the composition of committees, the board of directors made changes in 2021 with the aim of establishing a more even number of members across all the committees, enriching their diversity of knowledge and experience, maximising where possible the analysis and critical judgement they exercise in the matters submitted to them, and increasing or maintaining the ratio of independents.

### Annual General Meeting

The Annual General Meeting was held remotely for the second year in a row and amendments were made to the corporate by-laws and the rules and regulations of the Annual General Meeting.

In 2021, in view of how health crisis caused by COVID-19 was unfolding, the board of directors decided that Bankinter's Annual General Meeting would be held exclusively through remote means.

The health and social crisis caused by COVID-19 illustrated the importance and effectiveness of remote means of communication, whether to purchase products or services, carry out financial transactions, exercise rights, receive training or simply to interact with other people. Corporate regulations were also impacted, such that the temporary regulations adopted in 2020 to cope with the consequences of the pandemic, which as an exception allowed the general meetings to be held exclusively through remote means in both 2020 and 2021, are now permanent. Prevailing legislation now allows general meetings to be held exclusively through remote means.

To do so, Bankinter needed to amend the corporate by-laws to allow meetings to be held exclusively through remote means. This possibility gives the Bank greater flexibility, which can be very useful when it is advisable that these meetings take place in remote format, without depending on the adoption of exceptional legislative measures.

As a result, at the Annual General Meeting held on 21 April 2021, approval was given to amend the corporate by-laws and the rules and regulations of the Annual General Meeting accordingly to regulate the possibility of holding meetings exclusively through remote means, making the necessary provisions to guarantee that shareholders can attend and effectively exercise of all their rights at meetings called and held using this format.

In 2022, the board of directors decided to call the meeting and implement a system of physical attendance and the option of remote attendance by any shareholders wishing to attend this way, thereby facilitating their participation at all times.

### Fluid dialogue with investors and proxy advisors. Communication and engagement policies.

Bankinter, in a bid to further the corporate interest and consider the legitimate interests of shareholders, investors and other stakeholders, has a policy for communication with shareholders, institutional investors and proxy advisors, according to which it implements a communication and engagement strategy, receiving feedback on their priorities and criteria regarding, e.g. matters related to the Entity's corporate governance.

### Reinforcement of the Group's internal governance model

Internal rules and regulations are a pillar of Bankinter's robust corporate governance system. They comprise frameworks, policies and procedures that govern the various areas of its corporate life and activity in accordance with applicable external regulations and best practices. In 2021, this regulatory pyramid was articulated in the Bankinter Group corporate governance policy. This ensures that the internal rules and regulations have a coherent and efficient structure at all times, with clear and well-defined scopes of application and powers of proposal, approval and monitoring, thereby facilitating the board's oversight function.

In terms of strengthening the internal governance model, the Corporate Control and Compliance function was set up in 2021, bringing together the so-called second lines of defence in the areas of risk, financial control, regulatory compliance and anti-money laundering and terrorist financing. The Corporate Control and Compliance division performs the function, reporting directly to the risk and compliance committee. It is integrated into the Entity's general organisation through the Risk division. By creating this corporate function, Bankinter stepped up its commitment to the proper performance of all the Group's activities. This objective requires second-line controls, without ignoring the need for streamlining and

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full coordination across all activities to avoid overlaps while providing a comprehensive and cross-cutting view of the main components of operational risk.

Meanwhile, as regards relations with its subsidiaries, Bankinter has a sound approach for coordinating its internal governance systems. According to the Bankinter Group corporate governance policy, the board of directors shall establish the appropriate guidelines to ensure information is exchanged as required for the strategic coordination of the activities carried out by the various Group companies, without undermining their individual independent decision-making authority and the legal requirements imposed on their directors and on the Bank by law and deriving from the corporate governance system, in the interests of the companies comprising the Group.

Under this framework, Bankinter made progress in 2021 adapting the internal corporate governance rules and regulations of subsidiaries to the general policies approved for the Group. This guarantees uniformity in the application of the Group's corporate governance principles, while respecting the unique features of their respective areas of operation and the principle of proportionality.

Lastly, under the corporate governance policy, Bankinter, S.A.'s board committees continued to play an important role in coordinating and overseeing Bankinter Group companies on those matters that fall within their remits, helping to maintaining transparency and simplicity within the Group's organisation.

Bankinter, S.A.'s board committees are called upon to carry out supervisory work at Group companies that do not have their own committees due to their relatively small size or composition, but still require supervision on matters that fall within the committees' remits. This is the case of the functions exercised by the remuneration committee and the appointments, sustainability and corporate governance committee of Bankinter's parent company with regard to Bankinter Luxembourg, Bankinter Asset Management and the companies comprising the Consumer Group, of which Bankinter Consumer Finance is the parent.

The duties performed by each of these committees for the Group in 2021 will be detailed in the committees' activity reports, which will be made available to shareholders in the information prior to the General Meeting.

## Priorities for 2022

Priorities in the ongoing improvement of Bankinter's internal governance system in 2022 include: monitoring the sustainability strategy and achievement of ESG goals, stakeholder engagement and the continuous alignment of Group policies with any best practices identified at any given time. The overall aim is to continue preserving the Bank's and the Group's long-term sustainability. Efforts will also continue to foster cooperation and coordination of the board committees to ensure that sustainability-related threats and opportunities are identified and managed, and that appropriate control procedures are in place.

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# Sustainability

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# Sustainability

## Responsible management In three dimensions

### The new sustainability strategy is included in the Plan 2021-2023

The new 3D Plan 2021-2023 sets out Bankinter's sustainability strategy, the objective of which is to develop the responsible management of the three business dimensions (economic-governance, social and environmental) to generate triple value wherever the group operates.

This plan is based on the Sustainability Policy approved by the board of directors in March 2021, which aims to contribute to sustainable, inclusive and healthy development based on the bank's three strategic pillars (quality, innovation and technology).

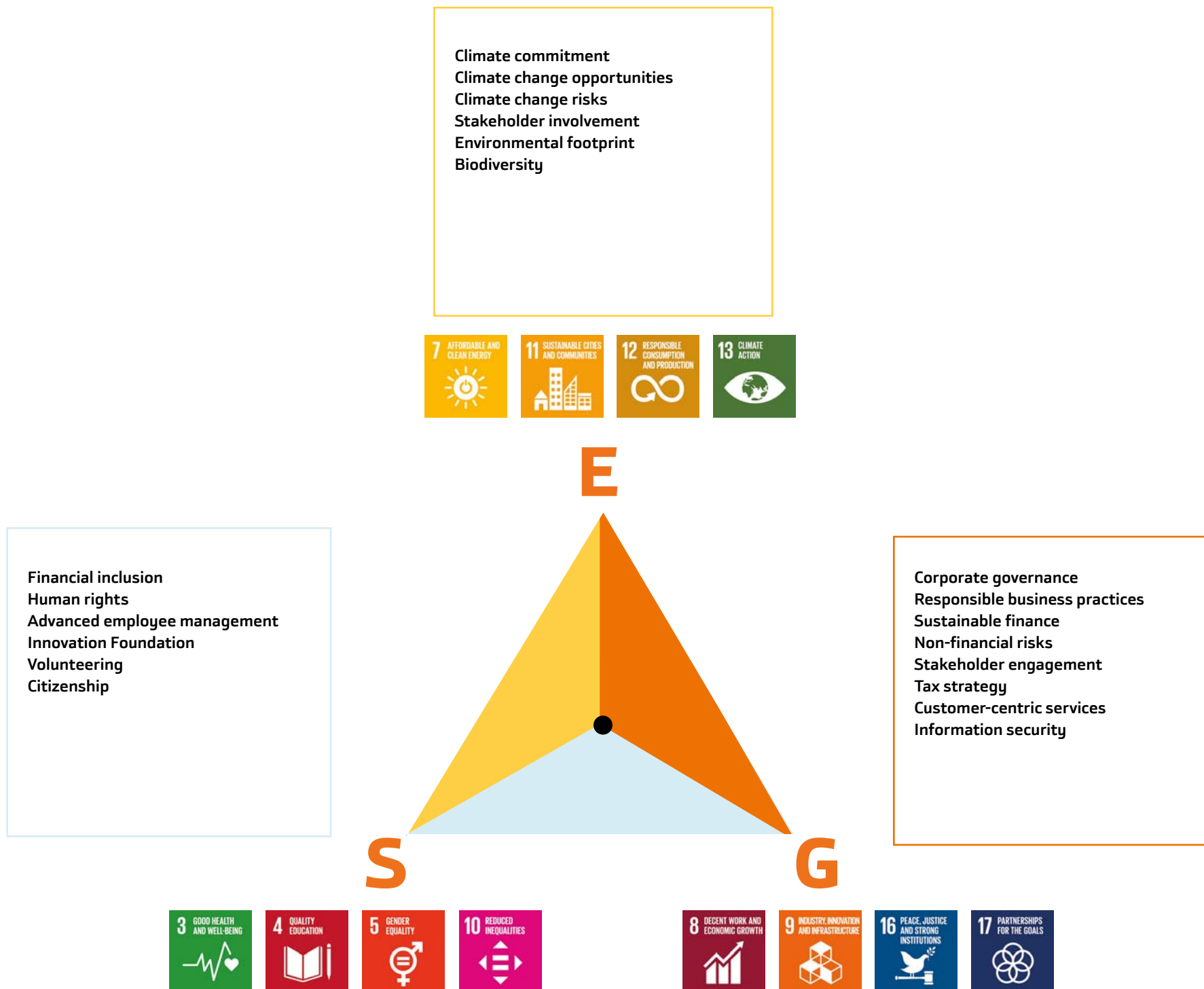
The Sustainability Policy is complemented by the bank's other internal policies, and considers references such as:

- The United Nations Sustainable Development Goals (SDGs) challenges
- Regulations such as the Law on non-financial information and diversity and the CNMV's Good Governance Code of Listed Companies.
- An analysis of the results of the evaluations of the most prestigious environmental, social and governance (ESG) performance analysts and rating agencies.

- International standards and frameworks related to sustainability management (GRI, IIRC, ISO 26000, SGE 21, etc.)
- Consideration of the best practices of global sector leaders
- Analysis of the results of satisfaction surveys filled in by stakeholder groups such as customers and employees
- Analysis of reputation measurement models, such as RepTrak.

The 3D Plan 2021-2023 has 20 strategic lines, which are distributed according to environmental, social and governance (ESG) criteria (see graph).

The bank establishes an annual Sustainability training plan. Some of the aims of this training plan are knowledge and application of human rights in the company, the specific qualifications of employees in key areas (such as Risks or Asset Manager), who must be familiar with and apply the ESG criteria in decision-making in the field of financing or investment.



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## Materiality analysis

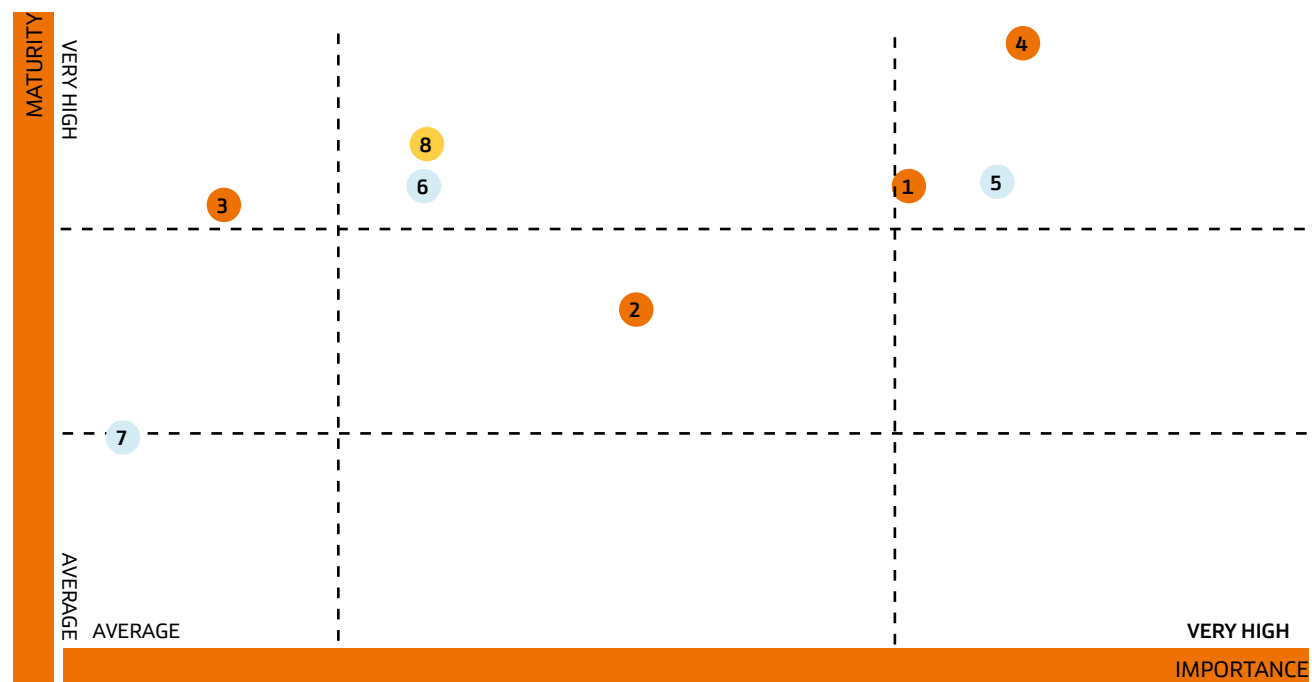
Bankinter periodically carries out materiality studies, which allow it to identify the relevant aspects for its stakeholders according to two parameters: the maturity of aspects related to financial activity according to sustainability analysts, and the importance assigned to these aspects by the main stakeholders, such as customers, employees, suppliers, social and sector opinion leaders, the media and society in general.

In order to design the bank's 3D Plan, Bankinter carried out a materiality analysis, by sending a questionnaire to its main stakeholders, with the following aims:

- Get them to take part in drawing up the Plan.
- Understand their needs and expectations.
- Identify the sustainability issues they consider most relevant and incorporate these into the new Plan.
- Obtain suggestions and comments to continue the continuous improvement of the management of environmental, social and good governance aspects, and on the generation of shared value

The maturity of aspects related to financial activity was also taken into account, in accordance with leading analysts.

The matrix below shows the aspects considered of medium, high and very high importance by stakeholders, and the degree of maturity shown by the bank in managing these aspects according to leading sustainability analysts. In addition, the related topics within each of these major aspects have been ordered by their importance for stakeholders.



### Economic dimension

1. Customer relationship management (Economic)
2. Business strategy (Economic)
3. Corporate governance (Economic)
4. Ethics (Economic)

### Social dimension

5. People management (Social)
6. Relations with the community (Social)
7. Supply chain management (Social)

### Environmental dimension

8. Climate change and natural capital strategy (Environmental)

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The initiatives being developed within the framework of Bankinter's Sustainability Plan 2021-2023, in relation to the SDGs and the specific goals they contribute to, are described below. This alignment has been validated by the EQA certification, inspection and verification authority.

Material issues	Strategic lines in the 3D Plan.	Sustainable Development Goals
Related to ethics	Responsible business practices Risk management with ESG criteria Tax strategy Human rights	SDG.10. Reduced inequalities SDG 16. Peace, justice and strong institutions SDG 17. Partnerships for the goals
Related to people management	Advanced employee management	SDG 3. Good health and well-being SDG 4. Quality education SDG5. Gender equality SDG 8. Decent work and economic growth
Related to customer relationship management	Customer-centric services Information security/cybersecurity Financial inclusion: a Bank for all	SDG 10. Reduced inequalities SDG.12 Responsible consumption and production SDG.16 Peace, justice and strong institutions
Related to business strategy	Risk management with ESG criteria Sustainable finance Information security/cybersecurity Financial inclusion: a Bank for all	SDG 7. Affordable and clean energy SDG 8. Decent work and economic growth SDG 9. Industry, innovation and infrastructure SDG 10. Reduced inequalities SDG 11. Sustainable cities and communities
Related to climate change and natural capital strategy	Climate Change Strategy Environmental footprint Biodiversity	SDG 9. Industry, innovation and infrastructure SDG 12. Responsible consumption and production SDG 13. Climate action
Related to the community	Innovation Foundation programmes Volunteering. Mueve.te Citizenship	SDG 4. Quality education SDG 8. Decent work and economic growth SDG 10. Reduced inequalities
Matters related to corporate governance	Corporate governance Risk management with ESG criteria Stakeholder engagement	SDG 16. Peace, justice and strong institutions
Related to the supply chain	Responsible business practices Risk management with ESG criteria Human rights	SDG 10. Reduced inequalities SDG 12. Responsible consumption and production SDG 16. Peace, justice and strong institutions SDG 17. Partnerships for the goals

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In 2021, Bankinter continued to be listed in the most prestigious sustainability indices, such as the Dow Jones Sustainability Index World, which recognises it as one of the twenty-five most sustainable banks in the world, and the Dow Jones Sustainability Index Europe, which recognises it as one of the five best in Europe.

The bank is also listed in other leading sustainability indices and rankings (FTSE4Good, MSCI or CDP); it was included in the Euronext Vigeo Eiris Eurozone 120 ESG Index and in the STOXX Global ESG Leaders for the first time, and was highlighted in the Sustainability Yearbook 2022, the yearbook produced by the S&P Global analyst firm.

Responsible business practices

Bankinter has also signed up to the United Nations Environment Programme Financial Initiative (UNEP FI) and has signed the Principles for Responsible Banking. This involves a commitment to align its business strategy with the Sustainable Development Goals and the Paris Agreement (See appendix ODS).

In 2021, the bank joined the Net Zero Banking Alliance, sponsored by UNEPFI. Bankinter is committed to the goal of reaching zero net emissions by 2050 due to the direct impact of its activity, and aligns its loan and investment portfolios with this goal.

Non-financial risks

Bankinter has defined Investment Sustainability Principles, as part of its Risk Management and Control Framework. It has established financial guidelines for industries with potentially greater impact on the environment that allow it to develop measures and references that must be followed in its decision-making process, considering the best practices and international standards.

Bankinter's sustainability strategy rests on the core principle that its business goals must be compatible with sustainable development and environmental and social objectives, preserving environmental and cultural resources for future generations, respecting diversity, and promoting the training and recognition of social groups that need specific support.

The Bank adheres to the Equator Principles, a leading international initiative for responsible investment in the financial sector with the objective of evaluating and managing the environmental and social risks of the projects. In 2021, 32 projects to which these principles apply were financed, all in Spain and Portugal and the renewable energy sector. 21 were graded B and 11 C. Investment came to 315.12 million euros.

Renewable energy projects financed in 2021

32



Loans

€315.12 mn



## Sustainable finance

The transition to a more sustainable and inclusive economy in line with the Sustainable Development Goals offers new windows of opportunity to deliver innovative products and services that, in addition to being profitable, generate a positive impact on our community and environment.

Bankinter offers a wide range of sustainable products:

- **Bankinter Sustainability Fund.** This fund invests in equities included in the main social and environmental responsibility indexes.
- **Eficiencia Energética y Medio Ambiente fund.** Invests in equities of companies involved in improving the efficiency of energy use and transport, the storage of electricity, automation and the improvement of industrial productivity, reduction of the environmental impact of using fossil fuels and renewable energies.
- **Bankinter Ethos fund.** The fund promotes social and environmental issues applying financial and non-financial criteria based on an exclusion strategy consistent with principles inspired by the social doctrine of the Catholic Church, in accordance with an ethical approach defined by an ethics committee.
- **Responsible investment funds.** The Bank makes more than 1,900 funds of international prestige that invest with responsible criteria available to its customers. They invest in companies dedicated to renewable energies, innovation and technology, and reducing the impact of climate change, or that are included in the main sustainability indexes.
- **Green bonds.** Bankinter coordinated the first green bond programme on the alternative fixed income market (MARF), registered by the company Grenergy Renovables with a value of 50 million euros. It has also published a Framework Agreement for green bonds, which is accredited by Sustainalytics (second-party opinion company). In January 2020, the first of these green bonds worth 750 million euros were issued. The positive environmental impact of this equated to 267,628 tonnes of CO<sub>2</sub> last year.
- **Venture capital funds or companies that invest in sustainable products.** The fund held 4.3% and 4.6% interests, respectively, in Ysios Biofund I and II (biotechnology and life sciences), 10% in Going Green (electric automotion) and 2.5% in CPE Private Equity LP (clean technologies).
- **Helia Renovables.** Since 2017, the bank has been working with Plenium Partners to set up the company Helia Renovables as a venture capital fund. Four funds have been created with total investment (debt plus equity) of more than 2.0 billion euros.
- **Other alternative venture capital funds.** The Titan fund, launched at the end of 2019 and which invests in infrastructure (renewables, energy, transport, social infrastructure, etc.), and the VStudent fund, which focuses on student residences.
- **Pension fund managed with sustainability criteria.** This is a mixed equity plan that will invest between 50% and 75% of its assets in the equities of companies around the world that meet environmental, social and good corporate governance standards. It will invest the rest in green bonds issued by private companies and the public debt of OECD countries.
- **Green/sustainable loans.** In addition to incorporating sustainability clauses in credit facilities, green loans have been granted and linked to sustainability performance.

- **InnovFin agreement.** The bank continues to support the InnovFin2014 programme, under the framework of Horizon 2020. Its aim is to support the financing of Spanish companies with fewer than 500 workers that conduct research and innovation activities and projects. Bankinter has signed an agreement with the European Investment Bank to provide 400 million euros to SMEs and mid-caps to finance their investments in Spain and Portugal.
- **Efficient home mortgage.** It offers financing for both new and second-hand properties that are highly efficient in terms of energy.
- **Popcoin sustainable portfolios.** Bankinter's digital manager offers sustainable portfolios that invest in funds from the world's leading managers that meet ESG criteria. Popcoin seeks to reinforce the bank's commitment to sustainability, while offering a bespoke option for investors who prefer to invest in securities that champion sustainability.
- **Green Hydrogen financing agreements.** Bankinter has signed agreements with business associations that aim to foster access to financing for their member companies to develop projects related to the production, marketing and distribution of hydrogen as a form of sustainable energy. The bank has provided financial coverage for investment amounting to almost 800 million euros.

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## Stakeholder engagement

Bankinter continuously engages with its stakeholders to identify, analyse and respond to their expectations and needs by implementing a management system. The model is based on the guidelines set by the Global Reporting Initiative (GRI).

Stakeholders	Engagement channels	Parties responsible for management
Shareholders	Shareholders Office Annual general meeting	Head of Shareholders Office
Investors and analysts	Roadshows Meetings Questionnaires	Director of Investor Relations Director of Committee
Customers	Quality surveys Customer Service area External ombudsman Banco de España Multichannel banking	Director of Quality Director of Legal Counsel
Regulatory bodies (Banco de España, CNMV, ECB)	Circulars	Director of Regulatory Compliance Relations with supervisors
Employees	Meetings with workers' representatives Global surveys Assessment Whistleblowing channel. Queries mailbox Intranet	Director of People management Director of Audit Director of Quality Director of Internal communication Director of Committee
Suppliers	Procurement portal Follow-up meetings Questionnaires	Director of Efficiency and Transformation Director of Committee
Partners Universities and business schools	Meetings Forums Workshops	Director of Foundation Head of Communication and CSR
Third (voluntary) sector	Social engagement mailbox Meetings	Director of Committee
Media	Press conferences Press releases Social media Press room External mailbox	Director of Communication and corporate social responsibility
Society (others not previously included)	Social media Corporate website RepTrak survey	Director of Communication and corporate social responsibility Director of Reputation

## Social dimension

Bankinter has implemented mechanisms to identify the needs, expectations and motivations of its internal and external stakeholders, with a view to providing them with a response through a wide range of advanced occupational and social management programmes.

### Financial inclusion

Its inclusive strategy is set out in the 'Bank for all' programme, which reflects its firm commitment to making all its relationship channels with stakeholder accessible. The Bank takes into particular consideration disabled and elderly people by aiming to offer them a quality service adapted to their needs. The accessibility strategy covers physical accessibility, as well as digital and cognitive accessibility.

Bankinter has a UNE 170001 certified Universal Accessibility Management System (SGAU), which is implemented in: the head office in Madrid; the Alcobendas building, which also has LEED Platinum certification; the Corporate University, located at Tres Cantos, and eight bank branches. In 2021, this was extended to the Madrid office, where the bank's new branch model was implemented. New accessibility criteria were introduced into workflows for future reforms.

In terms of digital accessibility, the objective is that both the contents and the services offered through the Bankinter websites are accessible for all its customers, in line with the recommendations of the World Wide Web Consortium (W3C) through its WACG 2.0 guidelines.

The bank offers coordinate cards with Braille so transactions can be performed over the phone, and offers monthly statements in audio format and large print.

With regard to cognitive accessibility, the Bank has made a Clear Finance Dictionary available to all its stakeholders. Developed by Bankinter in collaboration with the Instituto de Empresa, it explains the meanings of the most commonly used banking terms to make them easier for the general public to understand.

The Commercial Protocol used by Bank employees includes service guidelines for differently abled people for each phase of commercial activity.

Support for the financial training of students is channelled through two digital platforms: Money Town, aimed at secondary and college students (at the end of 2021, more than 17,800 students were registered) and Game of Traders, aimed at university students (around 7,000 participants).

Supporting the financial training of students

**17,800**

secondary school and college students.

**7,000**

university students



**Its inclusive strategy is set out in the 'Bank for all' programme, which reflects its firm commitment to making all its relationship channels with stakeholder accessible.**

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## Human rights

In 2018, the Bank established a human rights policy that includes its commitment to respecting, supporting and protecting human rights in the performance of its activities and its relationship with its stakeholders in the environment in which it operates: (employees, customers, suppliers and other commercial partners) under the UN motto: "protect, respect and remedy".

To develop this policy, the bank has launched a Due Diligence Process, which it manages based on a risk map of human rights violations in its relationship with stakeholders. Mitigation systems are available for these primary risks, such as specific policies and other internal processes of the different areas involved, and recourse procedures have been established.

**In 2021, Bankinter ranked fourth in the Top Employer Spain companies ranking, marking 14 consecutive years in this prestigious index.**

## Advanced employee management

In 2021, Bankinter was ranked fourth in the Top Employer Spain companies ranking, marking 14 consecutive years in this prestigious index, which evaluates companies that stand out for their work environment, talent acquisition, learning, well-being, diversity and inclusion, among other factors.

The bank has maintained its family responsible company certificate, awarded by the Másfamilia Foundation to companies that have carried out initiatives to improve the work-life balance and promote equal opportunities among employees.

Bankinter has established the Diversity and Inclusion Policy and develops initiatives to facilitate the hiring of people with disabilities through agreements with Fundación ONCE, Fundación Integra and Adecco, among other organisations.

In 2021, the Sensor 2021 survey was carried out, which is carried out by the bank with a sample of employees in order to assess the level of commitment among employees and their opinions on matters relevant to the business and their day-to-day work. The commitment to sustainability at Bankinter Spain is 82%, five points higher than Sensor 2019 and seven points higher than the Spanish Standard.

With regard to health and safety management, Bankinter Portugal has a management system with ISO-45001 certification, and at Bankinter Spain the mandatory audits on health and safety have been carried out by an independent third party.

Among the initiatives to further develop the management of employee well-being, the entity to implement the digital, inclusive and personalised 'Bankinter Te Cuida' (Bankinter, here to help) programme to train and educate employees about the importance of health care, promoting a culture of safety and physical and emotional well-being.

## Corporate volunteering

Bankinter has a corporate volunteering portal for its employees called 'Mueve.te' (Move!), which seeks to promote the social and environmental engagement and involvement of the workforce, to undertake activities that have a major environmental impact. In 2021, more than 40 programmes were developed.

For young people, the seventh "Your Finances, Your Future" programme was implemented throughout Spain. This was promoted by the Spanish Banking Association (AEB) in collaboration with the Junior Achievement Foundation, aimed at secondary school and college students.

For groups at risk of financial exclusion, such as people with disabilities, financial education workshops were run and social and environmental volunteer days were held with different foundations.

**More than  
40 corporate  
volunteer programmes  
were rolled out in 2021.**

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## Citizenship

In the communities in which it operates, Bankinter has established fourteen strategic alliances with voluntary organisations, receiving support from them to identify and respond to local needs. In 2021, 139 social/environmental initiatives were assessed, 85 of which came into fruition.

Some of the alliances are as below:

- Bankinter is a partner of the Lealtad Foundation, a non-profit institution whose objective is to provide accreditation for associations and foundations that comply with the transparency and good practice principles.
- The bank is also a promoting partner of Forética (sustainability think-tank), which promotes corporate social responsibility and sustainability in Spain and Latin America and actively participates in its Social Cluster.
- With the Adecco Foundation, Bankinter has signed up to the CEOs for Diversity commitment, for the promotion, innovation and development of business strategies and policies for diversity, equity and inclusion in Spain.
- Bankinter has also signed the Diversity Charter, which aims to promote equality and diversity policies in companies, and is part of the Corporate Excellence – Centre For Reputation Leadership, a business foundation that manages intangible business values.
- The bank helped organise the sixteenth Edition of the Máshumano Youth Awards, which recognise entrepreneurs who provide innovative, sustainable and socially responsible solutions, with projects aimed at improving the quality of life and the degree of integration of vulnerable people.

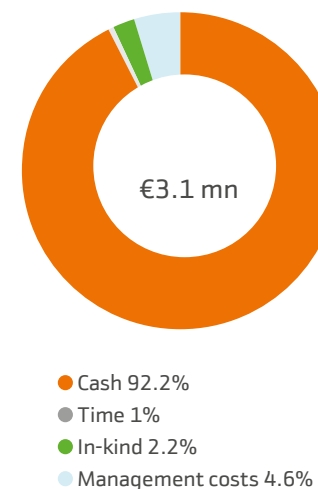
- Bankinter finances and is involved in the Green and Circular Weekends organised by the Enviroo employment portal. These are events that facilitate meetings among young entrepreneurs involved in green projects.
- It is also part of the 'Integra Commitment', developed by the Integra Foundation, which facilitates employment for groups at risk of social exclusion, through training in employability workshops in which bank volunteers act as trainers.

In 2021, the tenth 'Involvement and Solidarity' programme took place, an initiative that finances 15 social projects through the fees made from the Bankinter Solidarios card. This involves several of the Bank's stakeholders – customers using the Bankinter Solidarios visa card and employees – who submitted more than 200 projects.

As part of its management of social action, the group has developed metrics to measure the business and social benefits of its action programmes. This is based on the methodology developed by Corporate Citizenship Limited and the London Benchmarking Group (LBG) to quantify and categorise social action initiatives according to the type of activity and the resources allocated.

This methodology enables the measurement, management, evaluation and reporting of the contributions, achievements and impacts of the bank's social action. In 2021, the Bankinter Group allocated more than 3.08 million euros to initiatives of a social nature, using calculations based on this methodology.

Social investment (LBG)



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## Environmental dimension

The Bank's Environmental Policy is aimed at enhancing the positive impacts and minimising the negative effects of its activity on the environment. The Sustainability area, together with the bank's sustainability committee, is responsible for overseeing compliance with the principles of this Policy and ensuring its commitment to protecting the environment.

The environmental dimension of the 3D Sustainability Plan includes three strategic lines.

- The Climate Change Strategy, which is divided into four main lines with short-, medium- and long-term objectives for risks and opportunities.
- Management of the bank's environmental footprint, through the environmental management system and calculation of the carbon footprint (through which the direct and indirect environmental impacts of the bank activities are identified, measured and managed).
- The biodiversity line, with the aim of becoming a leader in methodologies for measuring and managing the impact of the financial sector on biodiversity.

The bank is working with leading bodies that assess and rate environmental performance, such as the CDP, which Bankinter has been a signatory of since its launch and to which it reports annual information on its carbon footprint and its management of climate change risks and opportunities.

Bankinter has also signed up to the United Nations Environment Programme Finance Initiative (UNEPFI) and the Principles of Responsible Banking, a framework established in order to carry out sustainable banking business in line with the SDGs and the 2030 Agenda.

## Climate Change Strategy

The Bank's responsibility to the environment does not rest so much on managing the direct impact of its activity on its surroundings (something which it has been managing for over a decade), but rather on identifying and managing its indirect impact; i.e. generated by applying its financing and lending policies.

In 2019, Bankinter drew up a strategy that incorporates the recommendations of the main international initiatives in this area, based on important preliminary work, and established a roadmap and short-, medium- and long-term objectives with the areas of the Bank that are most directly involved (e.g. Risks, Investment Banking, Asset Management).

The following notes are made on the objectives set:

- Bankinter has been carbon neutral in Scopes 1 and 2 since mid-2020.
- 100% of the electricity consumed in the bank's facilities in Spain and Portugal at the end of the year came from renewable sources.
- Significant progress has been made in implementing the TCFD (Task Force on Climate-Related Financial Disclosure) recommendations.
- A number of policies that include ESG criteria are in place.
- A climate rating tool has been implemented for business with companies.
- The bank's exposure to climate change risks was analysed for corporate banking.

- An initial estimate has been made of the total emissions financed by the bank in the corporate banking sector in Spain.
- Progress has been made in identifying climate change emissions and risks in the mortgage portfolio.
- New sustainable products have been marketed, such as the "Efficient Home" mortgage (green mortgage) and the sustainable portfolios of the Popcoin digital robo-advisor.
- A total of 267,628 tonnes of CO2 emissions have been avoided thanks to projects resulting from the issuance of green bonds by the bank.

Looking ahead to 2022, Bankinter is developing a roadmap for the decarbonisation of its portfolios with targets for 2025 and 2030, in line with the objectives in the PNIEC (National Integrated Energy and Climate Plan), the commitments made when joining the Net Zero Banking Alliance, regulatory requirements and climate stress tests.

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## Implementation of TCFD recommendations on climate change

Area	Recommendations	Implemented	Next actions
Governance	<ul style="list-style-type: none"> <li>Include the assessment and supervision of climate risks in governance processes.</li> <li>Describe the board's oversight.</li> <li>Ensure the governance processes to review published information are similar to those used for existing financial reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion in the sustainability policy approved by the board of directors.</li> <li>Presentation of the climate change strategy by the sustainability committee to the board of directors, which approved it.</li> <li>Regular monitoring of the performance of the strategy by the sustainability committee, the appointments, sustainability and corporate governance committee and the board.</li> <li>The Non-Financial Statement, which includes information on climate change, is prepared by the board of directors and verified by an independent external auditor.</li> <li>Creation of the Sustainable Finance working group, which will report to the sustainability committee.</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring of the implementation of the strategy and the objectives achieved.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>Describe the climate-related risks and opportunities of the organisation.</li> <li>Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning.</li> <li>Describe the resilience of the organisation's strategy in different climate scenarios.</li> </ul>	<ul style="list-style-type: none"> <li>Identification of climate-related risks and opportunities in the strategy.</li> <li>Main short-, medium- and long-term objectives have been established in the climate change strategy.</li> <li>Development of opportunities identified: new products and sustainable services</li> <li>Analysis of the bank's portfolio in relation to climate change risks based on a range of scenarios.</li> <li>Membership of the Net Zero Banking Alliance with the goal of carbon neutrality in 2050.</li> <li>Working group to establish a decarbonisation roadmap for the bank's portfolio with intermediate targets for 2030.</li> <li>Initial attempt to identify activities aligned with the taxonomy for objectives of adaptation to, and mitigation of, climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Development of the opportunities identified: new products and sustainable services</li> <li>Analysis of the Science Based Targets initiative for the financial sector</li> <li>Approval and presentation of the decarbonisation roadmap for the bank's portfolios, in line with the PNIEC and the objectives of the Net-Zero Banking Alliance.</li> </ul>
Risk management and opportunities	<ul style="list-style-type: none"> <li>Describe the organisation's processes for identifying and assessing climate-related risks.</li> <li>Describe the organisation's processes for managing climate-related risks.</li> <li>Describe how these processes are integrated into the organisation's overall risk management.</li> <li>Describe how the organisation identifies new climate-related business opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of sector ESG policies.</li> <li>Implementation of the Equator Principles.</li> <li>Sector policies and sustainability principles in the risk framework agreement.</li> <li>Work meetings with business units.</li> <li>Initial climate change risk analysis for the bank's portfolio.</li> <li>Implementation of a climate rating tool and its incorporation into the risk admission process.</li> <li>Initial analysis of climate risks in the mortgage portfolio.</li> <li>Regular meetings of the Sustainable Finance working group.</li> <li>Development of the opportunities identified: new products and sustainable services</li> </ul>	<ul style="list-style-type: none"> <li>Development of processes to manage climate-related risks.</li> <li>Analysis of the monitoring of operations with high or very high climate ratings.</li> <li>Extension of sector policies to other industries.</li> <li>Development of the opportunities identified: increase of assets in the range of sustainable products.</li> </ul>
Metrics and targets	<ul style="list-style-type: none"> <li>Disclose the metrics used by the organisation to manage climate-related risks and opportunities</li> <li>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions.</li> <li>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1, 2 and 3 (partial) emissions disclosed and independently verified</li> <li>Study to expand Scope 3 reporting based on publication of the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" GHG Protocol.</li> <li>Principal short-, medium- and long-term objectives established in the climate change strategy</li> <li>Initial estimate of the number of tonnes financed by the corporate banking area.</li> <li>Calculation of emissions avoided through the launch of Green Bonds.</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of standard methodology to calculate all Scope 3 emissions</li> <li>Disclose the achievement of targets to stakeholders.</li> </ul>

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## Carbon footprint

In 2021, the bank's calculation of its organisational carbon footprint in Spain and Portugal was subject to external assurance by the company SGS, according to the Greenhouse Gas Protocol and in line with the requirements of the Intergovernmental Panel on Climate Change. Bankinter registered this carbon footprint (calculated in 2020) with the Carbon Footprint Registry of the Ministry of Ecological Transition and the Demographic Challenge, being awarded the I calculate + I reduce stamp.

Since mid-2020, Bankinter has been carbon neutral for Scope 1 and 2 emissions in its activity in Spain, Portugal and Luxembourg. All total direct emissions are offset through the Zero CO<sub>2</sub> initiative of Fundación Ecología y Desarrollo (Ecology and Development Foundation) in the Amazon Conservation project in Madre de Dios, Peru.

All of the electricity consumed (Scope 2) in Bankinter's facilities has been green energy with guarantees of origin since mid-2018 in Spain and since July 2020 in Portugal, and more recently in Avant Money. This explains the significant decrease in figures for Scope 2 emissions over recent years.

The special situation caused by the COVID-2021 pandemic in 2020 and 2021 influenced trends in the emissions indicators as buildings and offices were not fully occupied and part of the workforce continued to work remotely, with the resulting influence on emissions from employee travel, for example.

A new aspect of the calculation of the 2021 footprint is the fact that the estimate of emissions from accounting records was included and an initial estimate of the emissions financed by Corporate Banking operations in Spain was carried out.

### CO<sub>2</sub> emissions Scope 1 (Tn) \*

	2021	2020	%
Gas/Diesel/Air conditioning gases	1,547.28	1,852.88	-16.5%
<b>Total/employee</b>	<b>0.25</b>	<b>0.21</b>	<b>17.9%</b>

\*OECC emission factors, carbon footprint registry, offset and carbon dioxide absorption projects (Version 17 - April 2021)  
All direct emissions are offset through the Zero CO<sub>2</sub> initiative of Fundación Ecología y Desarrollo (Ecology and Development Foundation) in the Amazon Conservation project in Madre de Dios, Peru.

### CO<sub>2</sub> emissions Scope 1 (Tn) \*

	2021	2020	%
Electricity	11.84	1,251.82	-99.1%
<b>Total/employee</b>	<b>0.002</b>	<b>0.14</b>	<b>-98.7%</b>

\* EDP Portugal 2021 emission factor  
All total direct emissions are offset through the Zero CO<sub>2</sub> initiative of Fundación Ecología y Desarrollo (Ecology and Development Foundation) in the Amazon Conservation project in Madre de Dios, Peru.

### CO<sub>2</sub> emissions Scope 3 (Tn) \*

	2021	2020	%
Business travel	1,429.33	1,239.36	15.3%
Business trips	5,442.64	5,921.69	-8.1%
Water	13.64	17.74	-23.1%
Paper	254.74	317.00	-19.6%
Toner	39.85	38.08	4.6%
Waste	5.03	4.79	4.9%
Computer equipment	827.74	879.15	-5.8%
Furniture	65.27	65.28	0.0%
Customer electricity consumption	768.20	1,051.89	-27.0%
Cleaning products	5.24	6.39	-18.0%
Maintenance travel	20.70	11.84	74.8%
Purchases of goods and services	1,897.88	3,164.40	-40.0%
<b>Total</b>	<b>10,770.26</b>	<b>12,724.31</b>	<b>-15.4%</b>
<b>Total/employee</b>	<b>1.75</b>	<b>1.47</b>	<b>19.5%</b>

\* OECC emission factors, carbon footprint registry, offset and carbon dioxide absorption projects (Version 17 - April 2021)/SIMAPRO (Ecoinvent System Processes)

\* IT equipment, furniture and cleaning products: estimates taking into account the purchase of these materials. Customer electricity consumption: estimate taking into account registered connections of customers to Bankinter's website, the average duration of these and the average consumption of a computer.

\* Purchases of goods and services: financial data has been taken as source data using the emission factors from the NAMEA (National Accounting Matrix (NAM) and Environmental Accounts (EA)) Methodology.

### Direct CO<sub>2</sub> emissions (Tn)

	2021	2020	Change
Total emissions	12,329.38	15,829.02	-22.1%
Total Scope 1 and 2/Employee	0.25	0.36	-29.7%
Total/employee	2.01	1.83	10%

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## Eco-efficiency and sustainable resource usage indicators

Bankinter has identified the main eco-efficiency indicators of its activity to be measured and controlled. The purpose of this is to implement the necessary measures to optimise the consumption of supplies and materials. This means minimising consumption and hence our carbon footprint.

Indirect energy consumption by the Bank is from electricity consumption. This is the main source of energy used by Bankinter and its consumption has gradually been reduced in recent years as a result of the measures adopted (renewal of equipment to increase efficiency, replacement of traditional lighting with LED, systems for the remote management of consumption, etc.).

Bankinter acquires paper according to strict environmental criteria. It is 100% recycled (in Spain) and bears the Blue Angel and Nordic Swan ecolabels.

To reduce consumption, the bank has implemented measures such as the biometric signature solution, which is now used at fixed positions in branches and which has been extended in recent years to various operations and products (investment fund agreements, current accounts, deposits, pension plans, updating of customer information, powers of attorney, etc.). This has resulted in an estimated annual reduction of more than 100,000 paper documents per year.

Another important milestone was the digitalisation of the recruitment process. In addition to the contract's digital signature, all the documents associated with each employee already forms part of a personal digital archive, thereby reducing paper requirements.

In 2021, customer information campaigns were continued to replace paper statements with the web correspondence model.

Water consumption for sanitary uses is controlled through monitoring using the Environmental Management System indicators. Devices are gradually being implemented to reduce consumption in certified buildings.

### Energy consumption (Gj) \*

	2021	2020	Change
Electricity	90,624.24	92,454.92	-2.0%
Diesel	4,156.77	4,120.88	0.9%
Natural gas	11,505.83	9,958.39	15.5%
<b>Total</b>	<b>106,286.84</b>	<b>106,534.19</b>	<b>-0.2%</b>
<b>Total/employee</b>	<b>17.32</b>	<b>17.44</b>	<b>-0.7%</b>

\* Where all consumption bills of the year are not been available upon gathering the information, an annualisation has been made to 365 days to obtain the data for the full year.

### Water consumption (m³) \*

	2021	2020	Change
<b>Total</b>	<b>42,490.43</b>	<b>42,867.27</b>	<b>-0.9%</b>
<b>Total/employee</b>	<b>6.92</b>	<b>7.02</b>	<b>-1.4%</b>

\* The calculation of water consumption in the branch network is estimated by extrapolating the ratio per employee of a sample of branches with independent and non-community water meters.

### Paper consumption (Tn) \*

	2021	2020	Change
<b>Total</b>	<b>323.62</b>	<b>352.83</b>	<b>-8.3%</b>
% recycled A4 and A3	0.94	93%	0.5%
<b>Total/employee</b>	<b>0.05</b>	<b>0.06</b>	<b>-8.7%</b>

\* Paper consumption data refer to the consumption of DIN A4, DIN A3 and envelopes.

### Waste management (kg)

	2021	2020	Change
Confidential paper	171,647	147,954	16%
Toner	2,412.5	2,128	13.4%
Electronic equipment	10,910	19,564	-44.2%

\* The increase in the management of confidential paper was due to various changes in department locations within the group.



## Environmental Management System

To guarantee the continuous improvement of its environmental performance, Bankinter has an Environmental Management System (EMS), certified according to the UNE EN ISO 14001 standard and which currently includes the bank's four unique buildings in Madrid, Tres Cantos and Alcobendas, Barcelona, Bilbao (included in the scope in 2021) and the sustainable office in Madrid. This means that 46.1% of the bank's workforce is located in buildings covered by this environmental certification. (33.2% of the total area of all the bank's properties).

Portugal also has a certified environmental management system, the scope of which includes the headquarters in Marquês de Pombal and the Torre Oriente building, both in Lisbon, and 15 bank branches in the Portuguese capital. This covers 52% of the workforce (40.8% of the total area of all the bank's properties in Portugal).

Mechanisms have been put in place at EVO and Avant Money to optimise consumption of materials and supplies, and ensure effective waste management.

## Biodiversity

Bankinter Group has its headquarters in urban land, so it has no impact on protected natural spaces and/or biodiversity.

However, although the financial sector is not usually identified as having a high impact, financial institutions have an important role to play in the transition towards an economy with neutral impact on biodiversity. Biodiversity is to be included in the European taxonomy. Bankinter is, therefore, determined to understand the best methodologies and most important trends in this area.

In Spain, Bankinter headed up a project with Natural Capital Coalition. Its objective was to develop a specific guide for the financial sector facilitating the identification and management of its portfolio's impact on natural capital.

The Bank joined the "Business and Biodiversity" working group for financial institutions to understand best practices in relation to these aspects. In 2020, at the initiative of this group, Bankinter signed the 'Financial Commitment to Biodiversity'. 84 companies have joined it so far. Throughout 2021, three working groups were formed, and Bankinter is part of the group that measures and evaluates the impact on biodiversity.

## Influence on stakeholders

The Group has various internal and external communication channels for promoting its various social and environmental initiatives, thereby encouraging the engagement of all its stakeholders.

The awareness-raising and communication actions carried out include: environmental website, sustainability section on the Bankinter blog, financing of green entrepreneurship workshops, environmental photography awards for staff, environmental volunteering days for employees.

Bankinter actively participates in climate change and environment forums and events, is the leading company in Forética's Climate Change Cluster, supports the annual Earth Hour campaign promoted by WWF and uses its media and social networks to promote the initiatives that the bank takes in order to achieve the SDGs transition towards a low-carbon economy.

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# Individuals

## Prevention, proximity and cultural transformation

Health care and concern for maintaining safe working environments continued to be essential in 2021, accentuated by the successive waves of the pandemic, with prevention guidelines and ways of working being adapted to the measures introduced by the authorities.

The HR Strategic Plan continued throughout the year, with a sharp focus on prevention, remaining approachable and consolidating a cultural transformation driven by innovation and digitalisation.

Bankinter's Te Cuida (Bankinter, here to help) programme provided advice on training routines and nutritional plans and was developed to incorporate initiatives to foster emotional well-being, which became more necessary than ever due to 'pandemic fatigue'.

A number of individual and collective actions were undertaken to improve understanding of people's needs, particularly at key points in their professional and personal lives.

The digital and data culture received a strong boost; talent programmes were scaled up and training was recognised as a tool that adds huge value, both for the business and for the development of people.

## Health and safety

The working group formed at the beginning of the pandemic involving all areas of the bank continued to establish appropriate measures for each situation to protect the health of employees from the spread of the virus, including organising an online course about COVID-19 for the entire workforce.

Employees were provided with surgical masks, screens were installed, disinfectant gel was provided in the facilities, premises were cleaned daily with disinfectant products and protocols were introduced on appropriate use of common areas, work areas and dining rooms, to create safe environments and spaces for the bank's professionals and customers.

The Occupational Risk Prevention area continuously monitored those affected by the virus, answering their questions (what to do, who to contact, how long to be in quarantine) following the recommendations of the Ministry of Health.

As part of the 'Bankinter Te Cuida' (Bankinter, here to help) programme, intended to promote the health and well-being of employees, five webinars were held on topics such as diet, sleeping well or staying active as you age, with content related to nutrition, rest, yoga, pilates and emotional stability, etc.

Employees taking part in the Bankinter Healthy programme carried out 409,000 wellness and health activities (201 per person on average) and 1.18 million hours of physical activity and travelled 1.99 million kilometres (977 on average).

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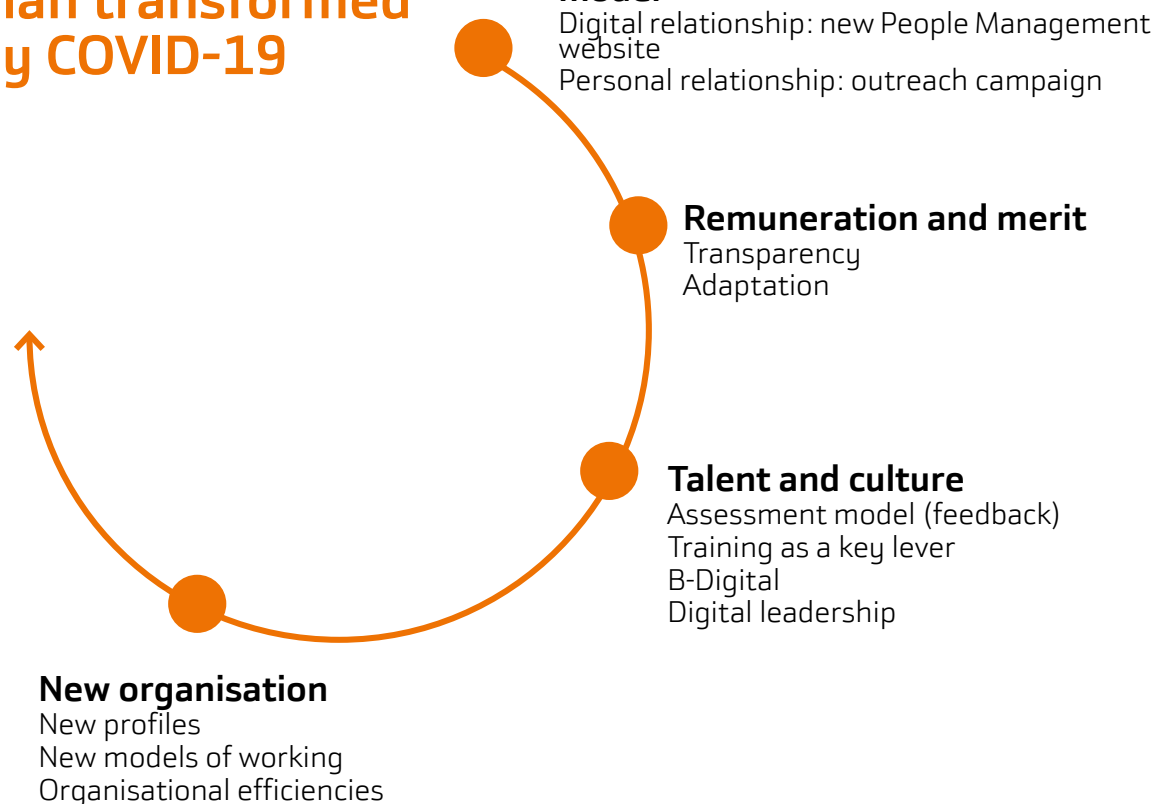
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## A 360° strategic plan transformed by COVID-19



## Employee relations

The main objective was to support the business, responding to its needs and generating added value, while keeping in touch through the programmes launched during the previous year.

258 meetings were held with natural teams (branch offices and central services departments) to share Bankinter products and services. 2,337 employees took part in these.

During the second half of the year, employees who had recently been promoted were contacted for a personalised review of their professional development and to offer them support in their new responsibilities.

Special attention was paid to people who might be going through difficult situations due to the pandemic or other events.

In total, 742 calls were made.

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## Training and talent

2021 was again scarred by the impossibility of face-to-face training and development initiatives due to the health situation. The Corporate University, therefore, developed all of its programmes remotely and online, focusing on various strategic areas.

**Commercial Excellence School.** A range of customer advisory programmes were developed in each of the segments with the twin objectives of complying with the requirements of the European MiFID 2 directive and enhancing employee training. 97% of the people who needed up-to-date certification had this by the end of 2021.

Training related to the new Real Estate Credit Law was provided to all members of the commercial network and the areas directly involved in mortgage processes, with the official certification of 97% of the people trained.

98% compliance was achieved for the training requirements under the Insurance Mediation Law for people who sell or report on these products.

**Digital culture** The Bdigital project to accelerate digital culture implemented numerous initiatives to foster the adoption of efficient habits, such as training through the online platform (8,971 courses), distribution of guides to the main Microsoft Office 365 tools (4,800 people), improvement of communication, collaboration and personal productivity skills through a digital team coaching programme, and promotion of multi-area collaboration.

**Digital and agile leadership.** 220 people managers were trained during the year in the new demands of digital and agile leadership, with work done on the adoption of digital habits in the management team through a reverse mentoring programme with some of the bank's native digital profiles.

In total, more than 287,000 hours of training were provided with 372 training activities. 100% of the employees participated in at least one of these, spending an average of 57.46 hours on it. The satisfaction rate reported by the survey (NPS) was 55% (seven percentage points higher than 2020).

**Talent models.** In 2021, as in other years, the performance of Bank employees was assessed as part of the BKcrece programme, the main objective of which is to help drive their development, measuring their performance and contribution, identifying their strengths and areas of improvement, and providing quality feedback. During the year, 99% of the target staff in Spain received a performance assessment and 98% of personnel managers were subject to a bottom-up assessment.

The second talent and succession review exercise was performed with 694 people from the commercial network. This enables us to understand the type of talent of each person, with talent maps for the roles in each organisation, enabling succession planning for key positions. Ad hoc development actions were implemented after this exercise, including training plans, coaching, mentoring, etc.

Bankinter's talent model has been expanded to include Ireland and a specific model has been developed for the Private Banking area. This has made it possible to identify potential future bankers throughout the commercial network, fostering the development of internal talent.

The STEAM (science, technology, engineering, arts, mathematics) Talent model - another specific model - was also launched in 2020, helping to identify everyone in the bank with these profiles. Progress was made on a training programme for upskilling this entire group depending on the area to which they belong in 2021. Vertical paths have been created for each of the bank's analytical areas with STEAM profiles, with data driven training for basic, intermediate and advanced levels.

## Selection

The recovery of the economy and the buoyancy of the labour market in 2021 fostered a return to levels of recruitment activity almost at pre-pandemic levels, although this was mostly online. This activity focused on commercial profiles and, in particular, those needed to continue promoting technology and digitalisation: infrastructure, technological transformation and data science.

University internship programmes were resumed for both financial and STEM profiles, with four invitations published in the spring and autumn, offering 146 internship vacancies. The focus was on attracting recent graduates and young professionals with a clear aptitude for customer service and analytical profiles to nurture technical business and risk analysis areas.

The bank continued to rely on its internal talent as one of the main sources of recruitment, with internal turnover reaching 12% in 2021. This enables employees to take on new challenges, develop professionally and receive continuous training to adapt to new responsibilities, facilitating the spread of knowledge and cultural integration in the case of international mobility (Bankinter Luxembourg and Bankinter Portugal).

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## Corporate benefits

Bankinter offers social benefits beyond the legal requirements that apply to all employees, including training aids for employees and their children, insurance (health, life and accident), salary advances, special terms and conditions for banking products and services, and meal subsidies depending on the schedule and type of working day.

Another benefit offered by the bank is a flexible remuneration system, whereby employees can partially swap their fixed monetary remuneration for certain goods and services (remuneration in kind), such as nursery vouchers, shares, training, pension plan contributions, travels cards and restaurant cards.

This increases employee remuneration in two ways: through the bank's bargaining power to get the best prices possible for the goods and services included in the system; and through the tax advantages offered by certain products arranged through this system. Currently 61% of employees use this flexible remuneration tool.

## Pension schemes

In long-term remuneration designed to cover certain contingencies, the Bank offers the following benefits:

- supplementary cover additional to the benefits paid by Social Security for widowhood, orphanhood, permanent occupational disability, absolute permanent disability and severe disability. These are provided for the entire workforce.
- Coverage of pension commitments for employees in service since before 1 March 1980, as established in the sector collective bargaining agreement.
- Annual contribution of 450 euros to the pension plan of all employees who have more than two years' service in the industry and whose pension commitments are not covered by any other scheme under the provisions of the banking collective bargaining agreement.

Bankinter is also a member of the Employee Family Plan, promoted by the Adecco Foundation. It provides a variety of types of assistance to employees with disabilities and/or family members in a similar situation so they can achieve labour market and social integration or take part in other activities, including leisure activities.

## Total remuneration

Since 2018, Bankinter has had a total remuneration platform that allows employees to consult all the updated elements that form part of their pay package: Fixed remuneration, variable remuneration, benefits and emotional compensation (i.e. the benefits offered by Bankinter as salary supplements for employees, to cover their personal, family and professional needs, improve their quality of life and ensure a work-life balance.

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# Awards and recognition

One of the most **mejor reputable companies**

## Maria Dolores Dancausa:

- #5 Forbes Best CEO in Spain
- #6 MERCO Leaders
- Woman Leader Award 2020 Madrid Chamber of Commerce

Brand Finance Global  
500 2021 most  
valuable brands

**#219**



One of the **most sustainable banks** in the world



One of the **best companies to work for**



Best companies to  
work for according to  
Actualidad Económica  
2021

**#25**

BCG Gender Diversity  
Study of the European  
Banking Sector

**#2**

Quality products and services



Award for excellence in  
international payments  
by Standard Chartered  
Bank and JP Morgan

Recipient of  
FundsPeople  
'Consistent' seal for the  
Bankinter Premium  
Conservative, Defensive  
and Moderate mixed  
funds.

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## Information for shareholders and investors

The Bankinter, S.A. Annual Report is presented at the Annual General Meeting and is available to all shareholders of the Company. The information contained includes the period from 1 January 2021 to 31 December 2021, unless otherwise specified. The previous Report, referring to the year 2020, was published on 17 March 2021.

This document, coordinated by the Bank's Institutional Communication area, was prepared with information collected from the different areas of the entity through interviews, questionnaires addressed to those responsible and requests for accurate information.

The Bankinter Annual Report has followed a process of pooling, review, correction and audit.

In addition to the Annual Report, the bank publishes consolidated quarterly results in January, April, July and October. Both reports are available on the Bankinter Corporate Website.

### Shareholders office

Alfonso Martínez Vaquero  
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28108 Alcobendas (Madrid)  
Tel.: 913398330-913397500  
Fax: 913397445  
Email: ofiaccionista@bankinter.com

### Customer service

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28108 Alcobendas (Madrid)  
Tel.: 900 802 081  
Fax: 91 623 44 21  
Email: incidencias\_sac.bankinter@bankinter.com

### Investor relations

Alfonso Alfaro Llovera  
David López Finistrosa  
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28046 Madrid  
Tel.: 91 339 75 00  
Email: Investor\_Relations@bankinter.com

### Corporate communication

Inés García Paine  
Paseo de la Castellana, 29  
28046 Madrid  
Tel. 91 339 83 38  
Email: comunicacion@bankinter.com



<b>Telephone banking</b>		
Customer assistance to Personal and Private Banking customers.	8.00 to 22.00 Monday to Saturday (except bank holidays)	
Individual Retail Banking	9.00 to 18.00 Monday to Friday (except bank holidays)	91 657 88 00
Insurance Specialists / Commercial Insurance	09.00 to 18.00 Monday to Friday (except bank holidays)	
Asset Specialists	9.00 to 18.00 Monday to Friday (except bank holidays)	
Assistance in English	9.00 to 18.00 Monday to Friday (except bank holidays)	91 657 88 01
Assistance in Catalan	9.00 to 18.00 Monday to Friday (except bank holidays)	93 410 84 85
Customer Service support	9.00 to 18.00 Monday to Friday (except bank holidays)	900 802 081
Technical web assistance (particulares.com)	8.00 to 22.00 Monday to Friday and Saturdays 9.00 to 15.00 (except bank holidays)	91 657 88 69
Investment and stock exchange specialists	8.00 to 22.00 Monday to Friday (including bank holidays if markets are operating)	91 657 88 01
International Business Specialists	8.00 to 17.00 Monday to Friday (except bank holidays)	91 050 00 96
Corporate telephone banking	8.00 to 18.00 Monday to Thursday and Friday 8.00 to 17.00	91 050 01 08
Technical web assistance (empresas.com)	August 8.00 to 15.00 Monday to Friday (except bank holidays)	91 807 09 84

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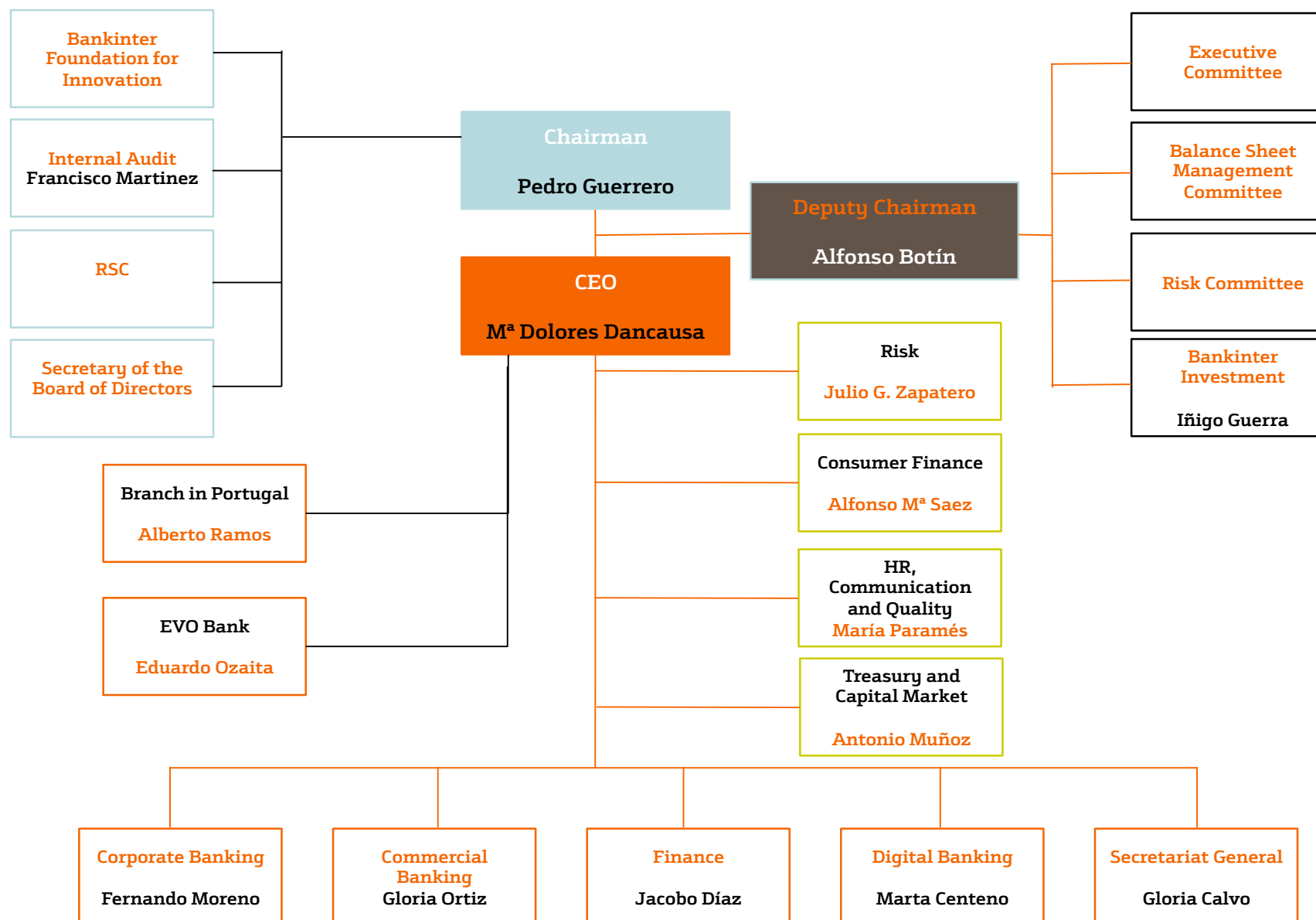
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## Board of Directors

Position	Name/Company	Appointment	Last re-election	Upcoming re-election
Chair	Pedro Guerrero Guerrero	2000	2021	2025
Vice chairman	Cartival, S.A.	1997	2018	2022
Chief executive officer	María Dolores Dancausa Treviño	2010	2019	2023
Director	Marcelino Botín-Sanz de Sautuola y Naveda	2005	2021	2025
Director	Fernando Masaveu Herrero	2005	2021	2025
Director	María Teresa Pulido Mendoza	2014	2019	2023
Director	Teresa Martín-Retortillo Rubio	2017	2018	2022
Director	Álvaro Álvarez-Alonso Plaza	2019	2019	2023
Director	María Luisa Jordá Castro	2019	2019	2023
Director	Fernando Francés Pons	2020	2020	2024
Director	Cristina García-Peri Álvarez	2021	2021	2025

Secretary (non Director) to the Board of Directors: Gloria Calvo Díaz.

The appointments and corporate governance committee submits motions for the appointment or re-election of independent directors, while for all other director categories the board itself makes the nominations based on a preliminary report received from the appointments and corporate governance committee.

- Cartival, S.A.: Represented on the board by Alfonso Botín-Sanz de Sautuola y Naveda.
- Marcelino Botín-Sanz de Sautuola y Naveda: Linked to the significant shareholders Cartival S.A.

## Organisation Managers

Juan Carlos Barbero Maeso	Andalusia
Laura García Vera	Canary Islands
Jacobo Cañellas Colmenares	Castile-La Mancha and Extremadura
Eduard Gallart Sulla	Catalonia
Antonio Berdiel Bitrián	Levante y Baleares
Maite Cañas Luzarraga	Madrid Corporate banking
Rafaela Vergara Ruiz	Madrid East
Ignacio Lozano Egea	Madrid West
Yolanda Gella Ferrer	Navarre, Aragon, Rioja and Soria
Joaquín Da Silva Castaño	Northwest
Juan Manuel Astigarraga Capa	North

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