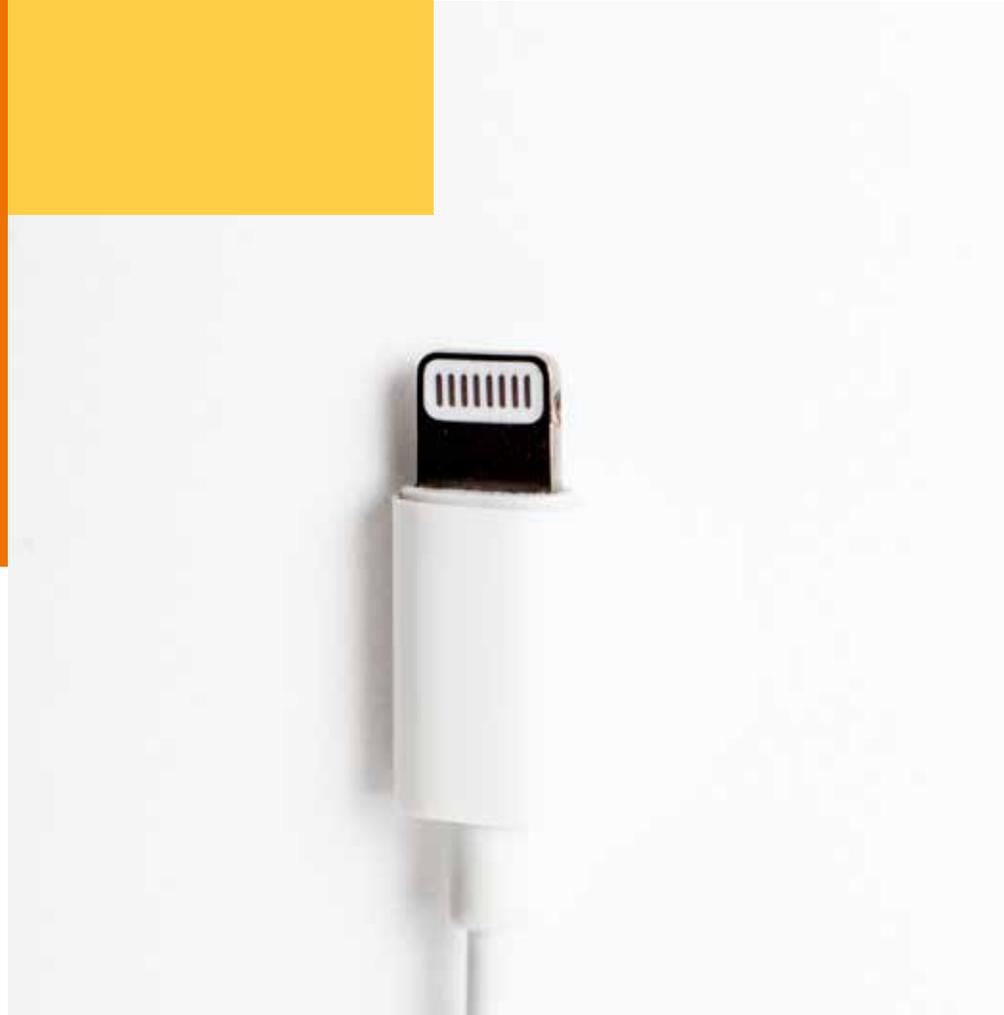


2018 ANNUAL REPORT

Digital Banking and Omnichannel banking



Efficiency with the customer and in internal processes

The Digital Banking division was created in 2016 with a view to applying technology to improve business processes and the customer experience. The goal is to reach more customers and support sales, doing so in an efficient manner and building a more scalable operating and commercial model.

The division's lines of work divide into two main groups: digital transformation, which promotes the digitalisation of the existing and potential customer relationships; and process transformation, the objective of which is the digitalisation of internal processes.

Digital transformation

In a context in which the adoption of new technologies is occurring progressively more quickly and in which customers are increasingly accustomed to digital relationships, in both personal and professional spheres, Bankinter stepped up its digital transformation efforts. With three objectives in mind:

1. Making customers' lives progressively easier.
2. Enhancing sales capacities and the ability to attract new customers on the Bank's websites and mobile apps.
3. Harnessing the possibilities offered by new technologies and making them available to internal teams at the Bank, facilitating the acquisition of knowledge and skills.

Compared to 2017, the investment dedicated to the digital transformation of the main businesses at the bank and the promotion of new internal capacities in areas like Marketing, CRM, Big Data, Design or Open Banking, increased by 50%.

Particular emphasis was placed on the Corporate Banking business, in which the investment tripled year-on-year. Worth particular note in this area is the launch of a new public website aimed at non-customers, where tools and information on products offered by Bankinter to companies of all different sizes can be found easily and intuitively. Furthermore, the new website serves as the technological basis for a more profound change in the customers area. Other examples of projects rolled out in 2018 in the corporate business include:

- **An internal information tool on potential customers** that is proving itself to be very useful in attracting new business.
- **Different version of the mobile app**, which has become more relevant in the relationship of representatives of companies with the bank.
- **Tools to sign documents remotely**, eliminating the need for customers to travel to branches unnecessarily.

On the other hand, a number of functions have been rolled out for individual customers. Those worth particular note are as follows:

- **The 'Despreocupate' service offered as part of Bankinter's payroll account.** The bank takes care of managing the change of directly debited bills. The only thing that the customer has to do is take a photo of the bills using a mobile phone.
- **Mobile payments using Apple Pay or Bankinter's own technology** for customers with Android phones. Both methods of payment are also available for companies.
- **New simulation tools.** Help customers to take decisions that affect their money in areas including taxation, home insurance, mortgage applications or retirement planning.

As a result of the foregoing, 31% of new product sales to individual customers in 2018 were completed digitally. Some products have a very high penetration rate, such as preauthorised loans, in which the percentage of digital sales came to 85% of the total. Furthermore, the Bank's websites and mobile apps are well received by customers and received quality scores of 37% (individual retail banking website), 41% (mobile app for individual retail banking) or 21% (corporate mobile app)

In 2019, Bankinter increased its investment in digital transformation once again, with a particular emphasis on projects including the overhaul of the corporate website customer area, the launch of a new mobile app for the broker, the strengthening of digital capacities in areas such as marketing and CRM, the mature use of advanced technologies in data analysis or the preparation of a new channel based on open banking models.

Process transformation

The objective of process transformation projects is to reduce customer service times and increase the efficiency of the Bank's internal activities. Following the progress registered in 2017, last year, work continued on maturing technological platforms that serves as the basis for process execution. Furthermore, the generation of management information in each part of the process was guaranteed, serving as a basis for supplying measurement, analysis and decision-making systems at the Bank.

In terms of specific initiatives, the main progress made was as follows:

- **Launch of a new omnichannel process for natural persons in all networks at the bank.** The redesign of the process has speed up work both at branches and via remote channels, making it possible for the customer to access his/her active account more quickly. Thanks to the video app video-identification process, Bankinter has made it possible for new customers to register online at the bank in a matter of minutes with any type of account (current, payroll, broker, etc.) The online registration system works both for individual and collective accounts, which is a first in the industry.

- **Redesign of up to 80% of service application processes from branches to Central Services.** Thus, the coordination and mechanisation of tasks has been improved, resulting in greater service speed and control. As part of this initiative, and as part of the efforts to digitalise staff operations at Bankinter, a mobile app was developed for employees in the Branch Network to access information on outstanding processes from their mobile phone.
- **Launch, as part of the initiatives to include artificial intelligence in the bank's operations,** a programme to automate repetitive tasks to free up people's time, allowing them to dedicate their time to activities that generate more value

Looking forward to 2019, all business service applications filed by the branches with central services will be revised, with special attention on the processes most related to corporate banking and involvement in processes from the mobile app. Omnichannel contracting processes will also be extended to a larger number of services and work will continue on the adoption of artificial intelligence techniques as a support for mechanising tasks and processes.