

**Integrated  
Annual Report  
2020**

**bankinter.**



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# Message from the people who work in a bank to the people who trust it

It's not a bank talking to you. Instead, the people who make this bank your bank are talking to you. The people who make Bankinter.

People who, like you, have seen their reality disrupted for long months. Who keep their distance from those they used to hug, who work and telework, who wear a mask all day, who are afraid for the people they love. Who are proud.

Because if there is a time when your bank must see things as you see them, it is surely now. We know that you give us the most important thing anyone can be given, which is your trust. That is why, at Bankinter, we want to tell you that we are with you.

## With facts

With very clear and verifiable pledges, and not marketing.



## Proud to be your bank

We did and do all this because there's a reason we are proud to be one of the most solvent banks in Europe according to the European Central Bank, one of the most sustainable in the world according to the Dow Jones Sustainability Index, and a world leader in gender equality. That's why this is a letter of commitment rather than of intent. If there is something we have learned from this situation is that we are all on the same side, and we will not be able to come out of it with big speeches or empty messages. Nothing is more powerful than people's commitment towards others.

## Employment

Our first pledge is to preserve employment. We have been steadily creating jobs for the last seven years without closing any branches. This is because we have some of the finest banking professionals in Spain and are rewarded daily by our customers' trust.

## Families

We pledged to postpone the payment of their loan principal for up to four months, for the families that had a mortgage and did not meet the government's requirements. In addition, we pledged to extend this period exceptionally to those most in need.

## Pensioners

We pledged to our pensioners by allowing them to collect their pension five days earlier than usual.

## Customers

We have pledged to the customers of our interest-bearing accounts not only to maintain the terms and conditions (up to 5% AER the first year for the first 5,000 euros, without commissions), unchanged since their launch, but also to increase flexibility in the income requirements so that they continue to enjoy all their advantages.

## Self-employed, SMEs and large companies

We have pledged to the self-employed workers, SMEs and large companies to implement the aid to financing and initiatives promoted by the government.

## Remote banking

We pledged so that all our customers can carry out their banking transactions without leaving home by enhancing our digital banking service (a pioneer in Spain and leader in cybersecurity) on all digital media available to them: Apple Pay, Samsung Pay, Google Pay, Bizum and Bankinter Wallet. And, if cash is required, on the largest network of ATMs in Spain without debit charges.

Bankinter people

# 2020 milestones

Net profit

€317.1

mn

-42.4%

Return on Equity  
(RoE)

7%

(10.8% without extraordinary provisions)

Net interest income

€1.24

bn

+6.8%

Operating income

€880.2

mn

+4.5%

Loans and receivables

€64.38

bn

+6.6%

Capital adequacy  
(CET1 fully loaded)

12.29%

+0.68 pp

NPL ratio

2.37%

-0.14 pp

Loan-to-deposit  
ratio

103.2%

+4.9 pp

Balances in salary  
accounts

€12.7 bn

+22%

New mortgage  
loans

€2.900

bn

-3%

ICO lines

€6.0

mn

7.3% market share

Risks insured  
by Línea Directa

€3.22 mn

+1.7%

Premiums issued by  
Línea Directa

€899 mn

+1%

Assets under  
management by  
Private Banking

€42.8

bn

+6%

Profit before tax -  
Portugal

€45 mn

-31%

Consumer loans

€2.900

bn

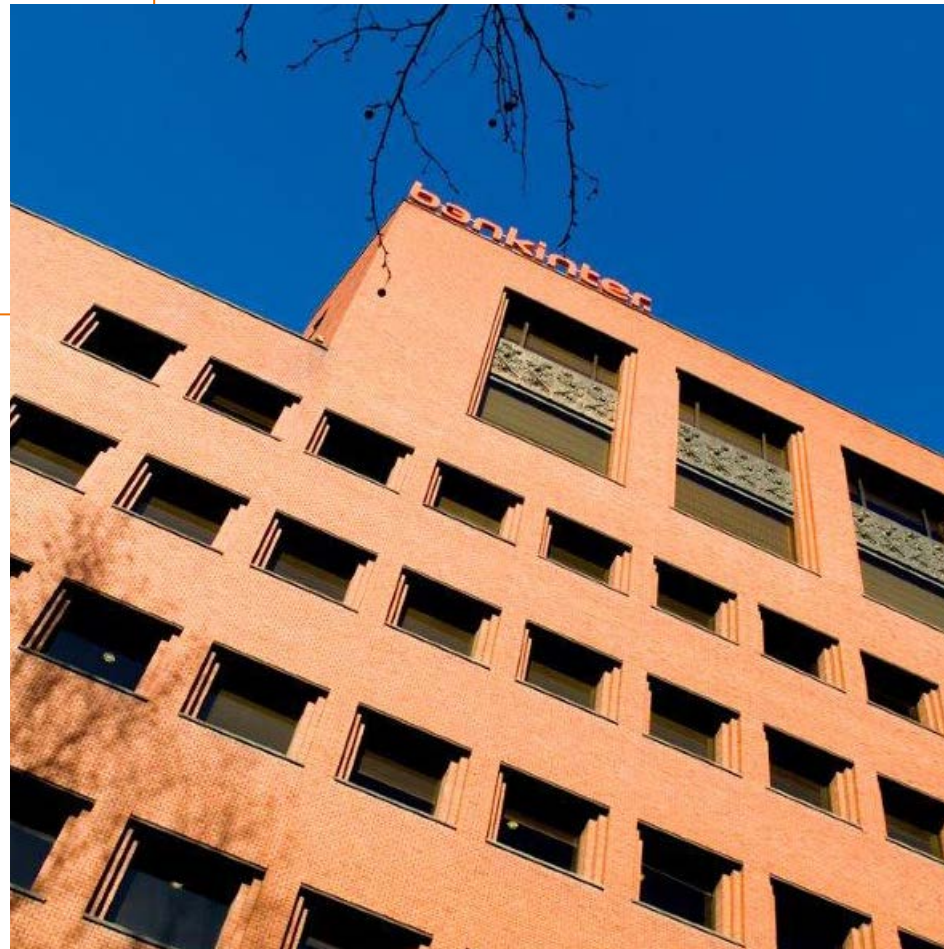
+0%

EVO customers

878,800

+48%

Letters/  
Interviews



2020 INTEGRATED  
ANNUAL REPORT



# Letter/Interview with the chairman

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**Pedro Guerrero**

## 'Our professionals have shown exemplary effort and ability to overcome the odds during the pandemic'

### **What is your perception of the economy in 2020?**

The 2020 financial year was undoubtedly marked by the pandemic, an absolutely unforeseen global event with a profound impact on our economy. Because it was so contagious and life threatening, the authorities were forced to restrict mobility and social interaction. In Spain, they resorted to applying the state of emergency twice, once in the first wave and another in the second, to back up these restrictions from a legal standpoint. These were very tough measures, although they were also inevitable in order to reduce the number of infections, pressure on the healthcare system and, ultimately, the number of deaths.

The impact on the economy was brutal, with drops in activity never before seen in our recent history, and which were especially significant in sectors such as tourism, hospitality and retail. Sectors of great importance in our economy. Together with the fragility of our production structure, which had not yet fully recovered from

the 2008 crisis, it only exacerbated these effects. We saw a sharp decline in the main indicators, with unprecedented falls.

### **What is your opinion of the measures adopted by the authorities to mitigate the economic consequences of COVID-19?**

The situation was so serious that it forced the implementation of shock measures aimed at mitigating the impact of the crisis both on families who were in a situation of greater vulnerability, and on companies in particularly affected sectors. Basically, there were two types of measures. First, temporary employment adjustment programmes designed to relieve companies of their personnel costs until the reactivation of their respective markets. Second, backing by public guarantees of corporate financing granted by financial institutions. Although they did not stop many Spaniards going through and still going through a really hard time, these are all measures that have at least made it possible to alleviate the consequences of such an unfavourable situation.

### **What has been the contribution of banks in this context?**

Given the difficult environment we faced, our main obligation was to maintain corporate financing as much as possible, to avoid their financial asphyxia, facilitate liquidity for particularly vulnerable families and strengthen our balance sheets in the face of macroeconomic downturn, anticipating a potential increase of the NPL ratio.

With regard to credit, I sincerely believe that we have managed to prevent the illiquidity stemming from a lack of income from becoming a generalised crisis of business solvency, and its potential effects on our economy. Also, the strong provisions made by banks against their results have led to strengthened balance sheets. And this allows us to face any future worsening of the situation with guarantees. We must also add that banks have gone even further than the government as refers to helping businesses, the self-employed and struggling families to meet their repayment obligations, extending the government-established moratoriums and relaxing the conditions for access. Banking is undoubtedly an inseparable part of the solution to this crisis.

### **Do you think we will soon begin the journey to recovery?**

That's what we all hope, but it's not going to be easy or quick. Vaccines allow us to be somewhat optimistic, and it is likely that when a sufficient portion of the population has been inoculated, we can gradually return to normality. Now, it is one thing for us to lead a fairly normal life again and another

for the economy to regain the momentum it had before the pandemic. Despite the efforts made, much of the production structure has been broken and it will take time to rebuild it. Macroeconomic indicators may soon look more favourable. Regaining the levels of well-being we enjoyed before the coronavirus broke out, on the other hand, will take considerably longer.

### **Do you learn from all crises?**

Certainly, although sometimes it is a very hard learning process, as happened in the 2008 crisis. We emerged from it with a more solid financial system, subject to more rigorous regulation and with a centralised European supervisory mechanism. But many banks fell by the wayside and others were diluted into larger clusters, amid a notable overall decline in the sector's installed capacity, facilitated by digital transformation. A transformation strongly boosted during the pandemic, not only in banking, but in the economy as a whole, and whose most popular face is teleworking. I am sure that this phenomenon will have a positive and lasting impact on productivity and the competitiveness of companies, with the consequent benefit for the economy as a whole.

### **But Bankinter was already highly digitalised ...**

That's right. We have been working on it for many years and we have always been ahead of the sector in terms of innovation. Our customers are used to operating remotely through the various channels we offer them, and this has made their relationship with the Bank less affected by mobility restrictions. In

fact, more than 90% of the Bank's customers operated digitally before the pandemic, either exclusively or alternating with the more traditional channels. EVO, included in 2019, also played an essential role due to its innovative approach to the business, which is helping us to further leverage new technologies to provide an ever better service.

### **What was 2020 like for the banking system as a whole?**

Apart from facing the consequences of the pandemic, the sector had to keep learning to live with an environment of low interest rates that forces us to look for new sources of income. As I have said here on other occasions, taking money from some customers and lending it to others, and nothing else, is not longer as profitable as before. We need to continue designing high value-added products and to further develop personalised advice, for which, at least at Bankinter, we have highly qualified professionals. If innovation has always been important, now it is simply essential, together with a rigorous risk policy that avoids the excesses of other times, the consequences of which are well known.

### **Was the 'recommendation' not to pay out dividends in 2020 very harmful?**

One only has to look at the sector's unfavourable performance in the stock market throughout the year to understand the impact of this decision by the European Central Bank. Even today, the market does not reflect the true value of banks, and this has a lot to do with the flight of investors after

**'The banking sector has been an inseparable part of the solution to this crisis'**

**'Recovering the levels of well-being we enjoyed before coronavirus will still take a long time'**

**'Banks' dividends should not have been suspended indiscriminately, but rather on a case-by-case basis'**

the ban on dividends. We can understand the substance of the matter: the need to strengthen the capital of banks in case there is an upturn in non-performing loans derived from the coronavirus crisis. However, we do not share the indiscriminate nature of the decision. It should have been studied case by case, because we are not all the same or in the same situation. We could have continued with our plan of paying out 50% of our profits as a dividend without any problem. That said, banking is a regulated sector, and at Bankinter we comply with the instructions given to us. Now, I am sure that, once the restrictions on dividends are lifted, our stock has a clear upward path, simply because of the power of our business model.

#### **What do you think of the new round of mergers and its likely impact on employment?**

Each institution has the right to choose its future and, if you believe that your future lies in joining another, you are right to take that path. Bankinter's strategy is different: we are committed to independence, organic growth and specific purchases of businesses that can be complementary to ours or that can open up new horizons, as were the cases of Portugal or Ireland and EVO. Also, mergers tend to have a cost in terms of employment, and Bankinter is firmly committed to maintaining its jobs and even increasing them when circumstances permit. Especially after our professionals were such a great example of effort and ability to overcome the odds during the pandemic. We need all of them to overcome this dire situation.

#### **How do you see Bankinter's last financial year?**

Without going into details that should be provided by our CEO, I think the 2020 results were more than acceptable, given the circumstances. We continue to grow at a good pace in all our operations, once again reinforcing capital adequacy and keeping non-performing loans at bay. Excluding the extraordinary provisions to cushion the impact of the COVID-19, the profitability in terms of RoE would have been higher than 10%, clearly above the cost of capital. The full integration of EVO also took place throughout the year, and this represented a notable boost to its mortgage activity, with growth of around 30% in loan volume and number of customers. We are sure its integration into the Group, as with the businesses in Portugal and Ireland, will bring us great satisfaction.

#### **And what are the plans for Línea Directa?**

The decision to go public is firm, because it benefits the Bank, the shareholders and the insurance company itself. Línea Directa is more than ready to fly alone, after having consolidated a model of direct insurance distribution much more powerful than the traditional model and that has made history in a sector subject to profound transformation in recent years. Our wish is for the company to start trading before the summer, under the expected conditions.

**'We are firmly committed to maintaining employment; we need all our professionals to overcome this situation'**



### **Has the pandemic changed Bankinter's commitment to sustainability in any way?**

Sustainability criteria are an essential part of our way of understanding the banking business, they are already in our DNA. This was recognised internationally when Bankinter was included in such prestigious indices as the Dow Jones Sustainability Index Global or the FTSE4Good. But these recognitions are not the end or a goal in themselves. They are an incentive for our organisation to continue excelling in social, environmental and corporate governance, while also producing strong financial results every year.


As a consequence of our commitment to sustainability, Bankinter reached one of the great milestones of its Climate Change Strategy in 2020: to be completely carbon neutral. The Bank was already carbon neutral in Spain, and last year achieved the same status at its facilities in Portugal and Luxembourg. The Bank offsets its direct emissions by collaborating in the conservation of the Madre de Dios area in the Amazon, and all electricity it consumes comes from renewable sources.

In 2020, we were also proud to join the United Nations Environment Programme specifically dedicated to the financial sector and signed the Programme's Principles for Responsible Banking, which aligns our industry with the Sustainable Development Goals and with the Paris Climate Agreement. Bankinter has been working in these areas for years. It has already incorporated sustainability criteria into processes such as supplier approval and the granting of financing to companies.

In line with these criteria, the Bank launched its first green bond issue in January 2020, amounting to 750 million euros, for projects related to renewable energy and environmentally-friendly construction. The demand tripled the supply, which reflects how well it was received. In November, Bankinter put a pension plan on the market that will invest between 50% and 75% of its assets in equity assets of companies around the world that respect the most demanding environmental, social and corporate governance standards.

### **What activities were performed by the Foundation in 2020?**

Although with the difficulties inherent to such an adverse environment, the Bankinter Innovation Foundation kept running its various programmes, which aim to promote knowledge of technological change and its consequences and of new social and business trends (Future Trends Forum), as well as how to promote entrepreneurship among students in their last years at university (Akademia), and support companies in their initial phases (Startups) or growth (Cre100do). The Foundation, a world pioneer in its class and an undisputed leader in innovation, promoted the creation of the Startup Ecosystem Observatory in March 2020. The observatory makes relevant information available to entrepreneurs so that they can have a clear view of the ecosystem and help with decision-making. It is already being a very useful tool for the Company.



**'Sustainability criteria are already in our DNA and this has been recognised internationally'**



# Letter/Interview with the CEO

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**María Dolores Dancausa**

**'It was a very difficult and complex year, but we are satisfied with what has been achieved'**

**How can Bankinter's trajectory be summarised during an exceptional year such as 2020?**

It is not easy to summarise, because it was indeed an extraordinary year, which broke our plans and demanded the best of ourselves. But I would say that it was, above all, the year of commitments. The year of commitment to our customers, our employees, our shareholders, the economy and society as a whole. It was a very difficult year, but we are satisfied with what has been achieved.

**What did the Bank do to face the health and economic crisis?**

Our first reaction after the state of emergency was declared was to reorganise so as to continue to serve our customers under conditions of tremendous uncertainty, and to protect our customers and employees from the virus. Banks were considered an essential service. As such, we had to keep a part of our infrastructure open and put our human teams at the disposal of citizens, in difficult sanitary conditions, to provide the face-to-face help they needed, in addition to using remote

channels to handle collections, payments and normal transactions. After those first decisions, we focused on helping our customers cope with the crisis with different kinds of measures.

**What were the most important measures?**

In the case of private customers, we implemented moratoriums for mortgages and consumer loans, both those approved by the government and those adopted by the Bank on a voluntary basis, which were much more ambitious. I believe that this enabled us to contribute to building a first containment dam to prevent the health crisis from being transferred in all its harshness to the economy of families and having unpredictable effects on society as a whole. We also brought forward the payment of unemployment benefits and pensions. And we softened the conditions of mortgages linked to other products and of the salary account, as well as the business account of self-employed workers, so that no customer could be penalised for breaching contractual obligations associated with these products.

### **And what decisions were made to help companies deal with the crisis?**

Our greatest efforts were focused on facilitating the access of companies to loans with public guarantees from the ICO, which have been an essential liquidity network for the survival of many companies, especially SMEs. We also adhered to a specific line of ICO loans aimed at companies in the tourism sector and their related activities, which have been particularly hit by the crisis. And we provided facilities to customers with reverse factoring and leasing operations. We also worked intensively to help the business community to maintain its presence abroad. This has been recognised by the Asociación de Financieros de Empresas. It presented our International Banking with the award for the best financing project of 2020 for its management of the COVID-19 line of liquidity backed by the insurance company CESCE. We attended to the needs of our suppliers by advancing payments to all companies and

**'The increase in loans and receivables demonstrates our commitment and our confidence in the resilience of the Spanish economy'**

professionals who are suppliers of goods and services to the Bank.

### **To what extent have these decisions also served to contribute to the recovery of the economy?**

Our measures to support customers are the best proof of our commitment to economic growth, because helping families and businesses stay afloat in such difficult and uncertain times is the best contribution we can make to move the economy forward. But I would like to stress that in global terms, during the 2020 financial year, Bankinter's loans and receivables amounted to 64.384.3 billion euros. This means that not only did we not restrict our credit activity, as would be logical given an increase in the risks associated with our loan portfolio, but we also increased it by 6.6% compared to 2019. This increase demonstrates our commitment and our confidence in the resilience of the Spanish economy, which we are sure will quickly recover as soon as the health threat lessens or disappears. I say this cautiously, because the current economic scenario is very unstable and is conditioned by exogenous factors, but I believe that we are in a position to contribute to leaving the crisis behind.

**'With our aid to families and companies, we have shown our support to those who constitute the foundations of the country, and we would like that effort to have more of an impact on public opinion'**

**'The 2020 profit fell by 42.4% due to higher provisions as a result of the sharp decline in economic forecasts, but all the margins performed positively'**

### **What impact has the crisis had on the Bank's results?**

Obviously, the impact has been significant. Against a setting such as 2020, marked by the spread of the disease and the economic recession, Bankinter Group achieved a net profit of 317.1 million euros, 42.4% lower YoY due to higher provisions (242.5 million euros) made as a result of the sharp decline in economic forecasts, and the absence of the extraordinary results generated in 2019 with the purchase of EVO and Avantcard. If we remove both exceptional headings, the result of recurring banking business is 473 million, only 13.2% lower than the previous year. All the margins of the income statement performed positively, indicating that the Bank's management, advisory and marketing machinery worked at full capacity. I believe that, under the circumstances, we can be happy.

### **What other aspects can be highlighted in the year?**

It was also a positive year in terms of asset quality, capital adequacy and liquidity. The non-performing loan ratio fell to 2.37%, 14 basis points less than in 2019, and remains the lowest in the sector. Also, the Bank strengthened its CET1 capital ratio, the main capital adequacy indicator, to 12.3%. It is one of the highest ratios of Spanish banks and far exceeds regulatory requirements, demonstrating our resilience in stressful situations. With regard to liquidity, we should note that for the first time the Bank has more deposits than credits. Profitability naturally suffered, especially as a result of extraordinary provisions, but with an

RoE of 7% we continue to lead the sector's profitability. I therefore believe that in 2020 Bankinter Group consolidated its strategic strengths to continue growing consistently in the future.

### **Going into details, how did the different products and business areas perform?**

Despite the crisis, the Bank maintained an intense commercial activity, which favoured the behaviour of salary accounts and mortgages, two of our main financial products. The portfolio of salary accounts grew by 22%. And the portfolio of mortgages also increased, albeit to a lesser extent, a noteworthy fact in an environment of economic paralysis. Within the Corporate business, key to the Bank's strategy, loans and receivables grew by 11%, with the investment banking and international business areas as the main engines of gross operating income growth. In Commercial Retail Banking, the assets under management between Private Banking and Personal Banking customers maintained a slight growth, despite the strong ups and downs in market performance. The Bankinter Consumer Finance business was where we felt the crisis the most, affected by the reduction in household consumption. New business fell by 25%, although loans and receivables were similar to 2019. In the case of Bankinter Portugal, recurring business performed at a good pace, with growth in all margins, although provisions reduced their result by around 31%.

EVO Banco notably increased its customer portfolio and strengthened its mortgage activity. As for Linea Directa Aseguradora, it maintained solidity in all its ratios and business figures and reached a net profit of 135 million euros, up by 26%.

### **There is some controversy about the allowance for provisions that the banks are making to face the probable increases in non-performing loans in the coming months. Are they adequate?**

This is very difficult to determine right now. There are no known precedents for this crisis. We have never encountered a situation like this, and therefore we do not have references on which to rely to make well-founded projections. The non-performing loan ratio will depend on the extent and depth of the crisis, which in turn are impacted by the pandemic's progress, and by its repercussions on the business community and employment. All of these factors are unpredictable and we cannot influence them. But we can guarantee that the calculations of our allocation for provisions are made based on criteria of maximum prudence. At Bankinter, we are facing the uncertainty of the coming months with the tranquility and confidence derived from having a rigorous risk control system, which has enabled us to be the institution with the lowest NPL ratio of Spanish banks, in recent years.

**Has society recognised the efforts of banks to cushion the impact of the crisis?**

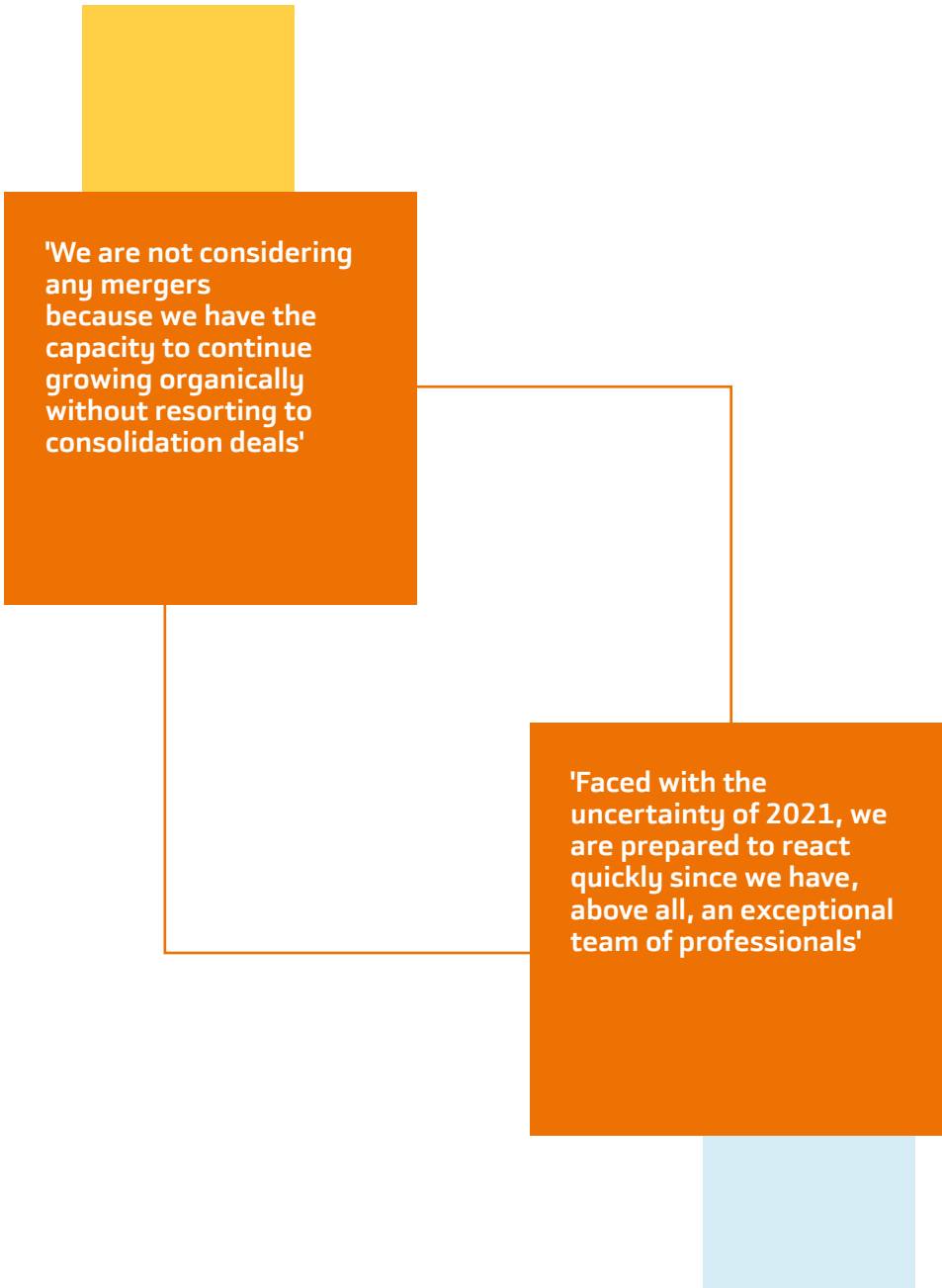
To a certain extent. It is true that we come from a time when the sector's reputation was deeply affected, and it is not easy to regain people's trust. But I believe that, in the complex situation caused by the pandemic, we have shown our support for families and companies. And we would like our efforts, which went as far as working in precarious sanitary conditions and lending our strength to facilitate economic recovery, to have more of an impact on public opinion.

**The coronavirus crisis has generated various concentration deals in the sector, partly encouraged by the European supervisor. How do these corporate transactions affect Bankinter and its position in the market?**

We follow them closely, but they do not alter our strategy. We are not considering any merger. We are an independent bank, we have proven it in our more than 55 years of existence, and we will continue to be so because we have done very well this way. Our business model is based on organic growth, and we believe that we have the capacity to continue growing in a healthy and profitable manner without resorting to consolidation deals, for the benefit of our employees and shareholders.

**Given the circumstances, expectations for the coming months are more uncertain than ever. What can we expect from 2021?**

Indeed, 2021 is marked, more than ever, by uncertainty. On the one hand, the unfavourable effects on the economic system are far from disappearing. The arrival of successive waves of the disease raises concerns that the economic crisis has not reached bottom and it will be necessary to see how companies and families react when aid runs out. On the other hand, the news about the distribution of vaccines gives us hope that in a relatively short time we will be able to avert the most serious threats of the pandemic. We can also trust that the European Funds will provide an additional boost to the Spanish economy. Faced with the uncertainty of 2021, we are prepared to react quickly since we have, above all, an exceptional team of professionals. And we have a solid structure, with an efficient risk control mechanism, advanced technology and a clear business model. But I insist that, above all, we have a human team that has repeatedly demonstrated what it is capable of.



**'We are not considering any mergers because we have the capacity to continue growing organically without resorting to consolidation deals'**

**'Faced with the uncertainty of 2021, we are prepared to react quickly since we have, above all, an exceptional team of professionals'**

Strategy and  
results

2020 INTEGRATED  
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# Strategy

## Closeness to customers in difficult times

Banking has played a crucial role in a difficult situation, guaranteeing financing for households in vulnerable situations and companies in the worst affected sectors, ensuring the continuity of their businesses.

The economic reality of the year was shaped by the pandemic and the restrictive measures put in place to contain it. These resulted in an unprecedented contraction of the Spanish economy, which was affected more than others because of our greater dependence on severely hit sectors such as tourism, leisure and consumption.

Banking has played a crucial role in this difficult situation, guaranteeing financing for households in vulnerable situations and companies in the worst affected sectors, ensuring the continuity of their businesses.

These measures, together with those launched by public authorities, have cushioned the impact of the crisis, which will continue to generate economic uncertainty over the coming quarters.

In anticipation of this change in the macroeconomic scenario and to strengthen their balance sheets, in 2020 financial institutions made provisions to cover potential impairment of their profits. This will force the sector to redouble its efforts to improve the profitability of its business, which has long suffered from low interest

rates, and improve efficiency.

Although this pandemic arrived when the financial sector was much more solvent than at the time of the last crisis, it is still accelerating ongoing restructuring and digitalisation processes. Some of these are well established but others have yet to be defined.

As in previous crises, Bankinter has been able to absorb these adversities due to its strong positioning in terms of risks, business strategy and type of customers.

Despite the extraordinary provisions made by the Bank – amounting to 242.5 million euros – which reduced annual earnings, the results of our business with customers were very positive. There was strong growth in all margins compared to the previous year, demonstrating our commercial drive and the strong results of all business lines. This was despite there being very little business activity during almost a whole quarter of 2020.



Bankinter has developed a strategy based on close relationships with customers, promoting advice and marketing products that contribute greater value and, consequently, higher returns for the Bank. These include investment funds and pensions, brokerage for fixed-income and equity securities, wealth management and alternative investment, where the Bank has become a leader in the Spanish market.

In the Corporate Banking area, the Bank's loan book received a major boost from ICO loans. It was also involved in active management of its customers' balance sheets. The Bank also consolidated the strong performance of some of its main sources of income, such as international and transactional business. It achieved this by applying exhaustive models to contain incidents and non-performing loans.

The result of this strategy on the Bank's two major areas is set out in detail in the Commercial Retail Banking and Business Banking chapter of this Report.

**Bankinter developed a strategy based on maintaining a close relationship with customers, promoting advice and marketing of products with greater added value and, consequently, greater return for the Bank.**





In terms of profitability and asset quality, the Bank retained its leading position among Spanish listed banks for another year, while reinforcing a level of capital adequacy that continues to be much higher than that required by the ECB.

# Results

## Growth in all margins and strong provisions due to the pandemic

Bankinter Group closed 2020 with growth in all margins and in its main business lines, despite the difficulties derived from the pandemic. In terms of profitability and asset quality, the Bank retained its leading position among Spanish listed banks for another year, while reinforcing a level of capital adequacy that continues to be much higher than that required by the European Central Bank (ECB).

The result of the recurring banking business (473 million euros) fell by 13.2% and the earnings before tax (230.5 million euros) fell by 62%, as a result of the provisions made to anticipate the macroeconomic deterioration (242.5 million euros) and the absence of the extraordinary results from purchasing EVO in 2019.

The Group's net profit stood at 317.1 million euros, 42.4% less than in 2019. Even so, the return on equity (RoE) stood at 7%. Without the impact of the extraordinary provisions, the RoE would have been 10.8%.

### Capital adequacy

Bankinter strengthened its capital adequacy, with a CET1 fully-loaded capital ratio of 12.3%, well above the ECB's minimum requirement of 7.7% for the type of business and level of non-performing loans.

The NPL ratio, which has maintained its downward trend for years, was 2.37%, almost half that of the sector average and below the 2.51% of the previous year. NPL coverage grew notably, from 48.4% to 60.5%.

With regard to liquidity, Bankinter closed 2020 with a negative commercial gap, as the loan-to-deposit ratio was 103.2%.

Scheduled maturities for 2021 amount to 200 million euros, plus 1 billion euros for 2022, for which the Bank has liquid assets of 20.7 billion euros and a bond issuing capacity of 3.5 billion euros.

## Margins

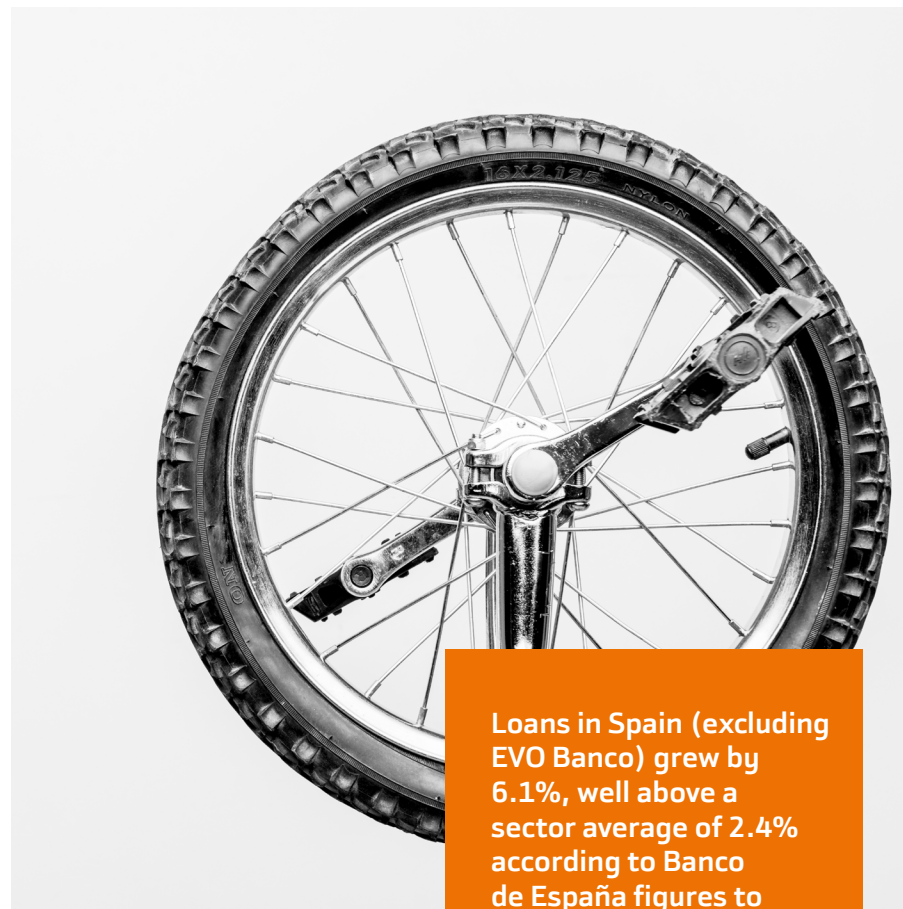
The difficult economic and interest rate environment did not stop all income statement margins from improving year on year, thanks to the commercial momentum and good business management.

- **Net interest income.** It reached 1.247 billion euros (+6.8%), due to higher investment volumes.
- **Gross operating income.** It amounted to 1.709 billion euros (+3.6%), with more than two-thirds of this figure stemming from net interest income. Fees and commissions contributed 29%, reaching 496.8 million euros, of which 157 million corresponded to the asset management business and 98 million to the securities business. The gross operating income was negatively affected by regulatory burdens (contributions to the Deposit Guarantee Fund, the Single Resolution Fund and others), which amounted to 115 million euros, twenty million more than in 2019.
- **Operating profit.** Excluding provisions, it amounted to 880.2 million euros, 4.5% more than in 2019. Operating costs increased by 2.7%, mainly due to new investments in the acquired businesses. The cost-to-income ratio of the banking business with depreciation stood at 48.5%, with a slight improvement on 48.9% in the previous year.

## Balance sheet

The Group's total assets amounted to 96.252.1 billion euros (+15%), while loans and receivables closed at 64.384.3 billion (+6.6%). Loans in Spain (excluding EVO Banco) grew by 6.1%, well above a sector average of 2.4% according to Banco de España figures to November.

Retail funds totaled 65.009.9 billion euros (+12.5%). In Spain (excluding EVO), the increase was 13.3%, compared with November's sector average of 8.4%.



Loans in Spain (excluding EVO Banco) grew by 6.1%, well above a sector average of 2.4% according to Banco de España figures to November.

## Business lines

In an environment as adverse as that of 2020, the Bank maintained its customer-related business activity at a good pace and even exceeded the revenues of 2019. During the most complicated months of the lockdown, multiple initiatives were launched to mitigate the impact of the crisis, providing liquidity to families and companies affected by the exceptional economic situation.

**Corporate Banking.** Loans and receivables closed 2020 at 28.4 billion euros (+11%). In Spain alone, the growth was 11.5% (vs 8.1% sector average with November figures). The loans guaranteed by the ICO contributed decisively to this, with 8.6 billion euros executed, of which 6 billion had already been drawn down at the end of the year. Bankinter kept the NPL ratio of its corporate loans and receivables under control: 7.4% in small SMEs and 3.4% in larger SMEs at the end of the year.

**Commercial Retail Banking.** Private Banking managed 42.8 billion euros (+6%) as at 31 December, after raising 2.7 billion of new equity. In Personal Banking, growth was 9%, with a new net worth of 2.3 billion euros. Even though real estate activity was practically stalled in the most complicated months of the pandemic, the mortgage portfolio (excluding EVO) grew in Spain by 1.7%, while the sector registered a 1.5% drop until November. New mortgage business totalled 2.9 billion euros in the year, just 3% lower than in 2019. The Salary Account kept performing well, with an increase in the portfolio of 22%, to 12.7 billion.

**Bankinter Portugal.** Its loans and receivables ended the year up 7% at 6.6 billion euros. Customer funds (4.8 billion) went up by 6% and off-balance-sheet managed funds (3.6 billion), 2%. Margins saw double-digit increases: 10% in net interest income and 13% in gross operating income, driven by the strong performance of fees and commissions. However, earnings before tax (45 million euros) decreased by 31%, mainly because the Bank stopped releasing provisions this year and began to allocate them.

**Bankinter Consumer Finance.** The consumer credit business in Spain, Portugal and Ireland had to face a reduction in household spending, as a result of the months of lockdown, restrictions on movement and the drop in general economic activity. The loan book reached a figure similar to that of the previous year: 2.9 billion euros with a contained non-performing loan (NPL) ratio of 6.2%. Avantcard consolidated its position in the Irish market as one of the leading consumer operators and expanded its business to include mortgages through the new brand Avant Money.

**EVO Banco.** EVO Banco ended 2020 with market recognition after winning two World Finance awards: Best Digital Bank and Best Financial App in Spain. Similarly, the healthy number of new customers it attracted reflects its recognition among the general public. Its total customer base (financial and services) increased by 48%, while at the same time it experienced a 38% growth in its mortgage portfolio, where EVO has directed a significant portion of its commercial energy. Balance sheet savings rose 8.5%.

**Línea Directa Aseguradora.** It obtained earnings before tax of 179.6 million euros (+25.7%) and a net profit of 135 million (+26%), with an RoE of 35% and a combined ratio of 83.4%. The capital adequacy ratio II was 276% as at 31 December. The number of insured risks rose to 3.22 million (+1.7%), with a volume of written premiums of 899 million euros, slightly higher than in 2019.

## Consolidated balance sheets at 31 December 2020 and 2019

(Thousands of euros)

ASSETS	31.12.2020	31.12.2019(*)
<b>Cash, cash balances at central banks and other demand deposits</b>	<b>15,044,317</b>	<b>6,407,046</b>
<b>Financial assets held for trading</b>	<b>2,158,742</b>	<b>3,848,150</b>
Derivatives	498,922	314,215
Equity instruments	181,834	263,269
Debt securities	400,254	1,309,400
Loans and advances	1,077,732	1,961,266
Central banks	-	-
Credit institutions	1,020,568	1,688,819
Customers	57,164	272,447
Memorandum items: loaned or pledged	136,949	668,485
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>119,555</b>	<b>130,303</b>
Equity instruments	118,865	116,805
Debt securities	690	13,498
Loans and advances	-	-
Central banks	-	-
Credit institutions	-	-
Customers	-	-
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>2,629,598</b>	<b>5,340,159</b>
Equity instruments	-	106,288
Debt securities	2,629,598	5,233,871
Loans and advances	-	-
Central banks	-	-
Credit institutions	-	-
Customers	-	-
Memorandum items: loaned or pledged	560,373	406,692
<b>Financial assets at amortised cost</b>	<b>72,861,812</b>	<b>65,670,760</b>
Debt securities	7,579,330	4,850,360
Loans and advances	65,282,482	60,820,400
Central banks	-	-
Credit institutions	2,122,461	1,649,634
Customers	63,160,021	59,170,766
Memorandum items: loaned or pledged	4,303,136	1,335,245

ASSETS	31.12.2020	31.12.2019(*)
<b>Derivatives – hedge accounting</b>	<b>210,773</b>	<b>202,118</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>195,805</b>	<b>107,439</b>
<b>Investments in joint ventures and associates</b>	<b>109,526</b>	<b>140,875</b>
Joint ventures	36,679	47,734
Associates	72,847	93,141
<b>Assets under reinsurance and insurance contracts</b>	<b>-</b>	<b>12,108</b>
<b>Tangible assets</b>	<b>455,070</b>	<b>600,654</b>
Property, plant and equipment	455,070	533,956
For own use	435,540	509,658
Leased out under an operating lease	19,530	24,298
Assigned to welfare projects (savings banks and credit cooperatives)	-	-
Investment property	-	66,698
of which: Leased out under operating leases	-	66,698
Memorandum items: Acquired under finance leases	115,221	117,687
<b>Intangible assets</b>	<b>258,075</b>	<b>391,936</b>
Goodwill	2,276	164,113
Other intangible assets	255,799	227,823
<b>Tax assets</b>	<b>380,085</b>	<b>470,032</b>
Current tax assets	110,053	178,130
Deferred tax assets	270,032	291,902
<b>Other assets</b>	<b>120,326</b>	<b>217,848</b>
Insurance contracts linked to pensions	-	-
Inventories	-	-
Other assets	120,326	217,848
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>1,708,409</b>	<b>192,917</b>
<b>TOTAL ASSETS</b>	<b>96,252,093</b>	<b>83,732,345</b>

The accompanying notes 1 to 54 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2020.

(\*) Presented for comparison purposes only.

## Consolidated balance sheets at 31 December 2020 and 2019

(Thousands of euros)

LIABILITIES AND EQUITY	31.12.2020	31.12.2019(*)
<b>LIABILITIES</b>	<b>91,287,936</b>	<b>78,932,381</b>
<b>Financial liabilities held for trading</b>	<b>1,382,300</b>	<b>2,823,849</b>
Derivatives	440,711	387,041
Short positions	496,886	865,012
Deposits	444,703	1,571,796
Central banks	-	-
Credit institutions	-	77,521
Customers	444,703	1,494,275
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>87,472,834</b>	<b>73,970,770</b>
Deposits	78,028,886	64,641,613
Central banks	12,885,116	7,336,682
Credit institutions	2,072,639	1,377,447
Customers	63,071,131	55,927,484
Debt securities issued	7,623,285	7,688,413
Other financial liabilities	1,820,663	1,640,744
Memorandum items: subordinated liabilities	1,167,074	855,589

LIABILITIES AND EQUITY	31.12.2020	31.12.2019(*)
<b>Derivatives – hedge accounting</b>	<b>482,033</b>	<b>265,394</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>38,775</b>	<b>40,022</b>
<b>Liabilities under reinsurance and insurance contracts</b>	<b>-</b>	<b>750,267</b>
<b>Provisions</b>	<b>438,511</b>	<b>382,733</b>
Pensions and other post-employment defined benefit obligations	1,265	3,832
Other long-term employee benefits	-	-
Pending legal issues and tax litigation	100,098	75,233
Commitments and guarantees given	37,787	14,137
Other provisions	299,361	289,531
<b>Tax liabilities</b>	<b>220,102</b>	<b>421,254</b>
Current tax liabilities	90,490	206,012
Deferred tax liabilities	129,612	215,242
<b>Share capital repayable on demand</b>	<b>-</b>	<b>-</b>
<b>Other liabilities</b>	<b>264,433</b>	<b>278,092</b>
Of which: welfare fund (savings banks and credit cooperatives only)	-	-
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>988,948</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>91,287,936</b>	<b>78,932,381</b>

The accompanying notes 1 to 54 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2020.

(\*) Presented for comparison purposes only.

## Consolidated balance sheets at 31 December 2020 and 2019

(Thousands of euros)

<b>LIABILITIES AND EQUITY (continued)</b>	<b>31.12.2020</b>	<b>31.12.2019(*)</b>
<b>Shareholders' equity</b>	<b>4,816,054</b>	<b>4,612,343</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>1,184,265</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>7,482</b>	<b>12,567</b>
<b>Retained earnings</b>	<b>3,051,137</b>	<b>2,762,882</b>
<b>Revaluation reserves</b>	<b>4,806</b>	<b>4,716</b>
<b>Other reserves</b>	<b>(14,778)</b>	<b>4,252</b>
<b>Reserves or accumulated losses of investments in joint ventures and associates</b>	<b>(14,778)</b>	<b>4,252</b>
<b>Other</b>	<b>-</b>	<b>-</b>
<b>(-) Treasury shares</b>	<b>(3,641)</b>	<b>(1,222)</b>
<b>Profit or loss attributable to owners of the parent company</b>	<b>317,123</b>	<b>550,665</b>
<b>(-) Interim dividends</b>	<b>-</b>	<b>(175,442)</b>
<b>Accumulated other comprehensive income</b>	<b>148,103</b>	<b>187,621</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>6,200</b>	<b>(1,897)</b>
a) Actuarial gains or (-) losses on defined benefit pension plans	(976)	(4,617)

<b>LIABILITIES AND EQUITY (continued)</b>	<b>31.12.2020</b>	<b>31.12.2019(*)</b>
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	-	2,720
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 with changes in 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>141,903</b>	<b>189,518</b>
a) Hedge of net investments in foreign operations [effective portion]	-	-
b) Foreign currency translation	-	-
c) Hedging derivatives. Cash flow hedges [effective part]	(962)	28
d) Fair value changes of debt instruments measured at fair value through other comprehensive income	99,711	183,952
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	5,604	5,538
<b>Minority interests [Non-controlling interests]</b>	<b>-</b>	<b>-</b>
Accumulated other comprehensive income	-	-
Other items	-	-
<b>TOTAL EQUITY</b>	<b>4,964,157</b>	<b>4,799,964</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>96,252,093</b>	<b>83,732,345</b>
<b>MEMORANDUM ITEMS: OFF-BALANCE-SHEET EXPOSURES</b>		
Loan commitments given	16,985,633	14,263,210
Financial guarantees given	1,749,716	1,748,165
Other commitments given	7,028,444	5,386,593

The accompanying notes 1 to 54 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2020.

(\*) Presented for comparison purposes only.

## Consolidated income statements for the years ended 31 December 2020 and 2019

(Thousands of euros)

	(Debit)/Credit	(Debit)/Credit
	31.12.2020	31.12.2019(*)
Interest income	1,385,745	1,368,816
Financial assets at fair value through other comprehensive income	71,069	91,860
Financial assets at amortised cost	1,275,012	1,249,809
Other interest income	39,664	27,147
Interest expenses	(138,745)	(200,934)
Expenses on share capital repayable on demand	-	-
<b>A) NET INTEREST INCOME</b>	<b>1,247,000</b>	<b>1,167,882</b>
Dividend income	19,032	10,315
Share of the profit or loss of entities accounted for using the equity method	28,766	30,601
Fee and commission income	631,565	593,226
Fee and commission expenses	(134,805)	(114,274)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	45,807	37,887
Financial assets at amortised cost	31,156	5,516
Other financial assets and liabilities	14,651	32,371
Gains or losses on financial assets and liabilities held for trading, net	6,017	22,777
Reclassification of financial assets out of fair value through other comprehensive income	-	-
Reclassification of financial assets out of amortised cost	-	-
Other gains or losses	6,017	22,777
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	5,025	7,072
Reclassification of financial assets out of fair value through other comprehensive income	-	-
Reclassification of financial assets out of amortised cost	-	-
Other gains or losses	5,025	7,072
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-
Gains or losses from hedge accounting, net	63	27
Exchange differences [gain or loss], net	(7,813)	(1,165)
Other operating income	36,928	41,996
Other operating expenses	(168,545)	(146,892)
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	-	-

	(Debit)/Credit	(Debit)/Credit
	31.12.2020	31.12.2019(*)
<b>B) GROSS OPERATING INCOME</b>	<b>1,709,040</b>	<b>1,649,452</b>
Administrative expenses	(753,281)	(745,104)
a) Staff expenses	(446,695)	(461,811)
b) Other administrative expenses	(306,586)	(283,293)
Depreciation and amortisation	(75,577)	(61,676)
Provisions or reversal or provisions	(204,766)	(143,861)
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	(425,429)	(138,358)
a) Financial assets at fair value through other comprehensive income	567	(393)
b) Financial assets at amortised cost	(425,996)	(137,965)
Impairment or reversal of impairment of investments in joint ventures and associates	-	-
Impairment or reversal of impairment on non-financial assets	(2,084)	(296)
Tangible assets	-	(296)
Intangible assets	(2,082)	-
Other	(2)	-
Gains or losses on derecognition of non-financial assets	(1,190)	283
Negative goodwill recognised in profit or loss	-	62,071
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(16,174)	(15,530)
<b>C) PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>230,539</b>	<b>606,981</b>
Tax expense or income related to profit or loss from continuing operations	(56,413)	(158,064)
<b>D) PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>174,126</b>	<b>448,917</b>
Profit or loss after tax from discontinued operations	142,997	101,748
<b>E) PROFIT OR LOSS FOR THE PERIOD</b>	<b>317,123</b>	<b>550,665</b>
Attributable to minority interests (non-controlling interests)	-	-
Attributable to the owners of the parent	317,123	550,665
<b>EARNINGS PER SHARE:</b>		
Basic	0.35	0.61
Diluted	0.33	0.60

The accompanying notes 1 to 54 and appendices I through VI attached hereto form an integral part of the consolidated income statement for the year ended 31 December 2020.

(\*) Presented for comparison purposes only.

## Statement of consolidated recognised income and expense for the years ended 31 December 2020 and 2019

(Thousands of euros)

	31.12.2020	31.12.2019(*)
<b>A) PROFIT OR LOSS FOR THE PERIOD</b>	<b>317,123</b>	<b>550,665</b>
<b>B) OTHER COMPREHENSIVE INCOME</b>	<b>(39,518)</b>	<b>45,954</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>8,097</b>	<b>5,687</b>
a) Actuarial gains or (-) losses on defined benefit pension plans	5,159	(4,488)
b) Non-current assets and disposal groups held for sale	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	(3,627)	11,792
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	(3,002)	(1,617)
<b>Items that may be reclassified to profit or loss</b>	<b>(47,615)</b>	<b>40,267</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>(1,414)</b>	<b>(114)</b>
Valuation gains or (-) losses taken to equity	(1,414)	(114)
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>(117,052)</b>	<b>52,167</b>
Valuation gains or (-) losses taken to equity	(64,605)	81,798
Transferred to profit or loss	(6,544)	(29,631)
Other reclassifications	(45,903)	-
<b>f) Non-current assets and disposal groups held for sale</b>	<b>50,067</b>	<b>-</b>
Valuation gains or (-) losses taken to equity	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>65</b>	<b>2,897</b>
<b>h) Income tax relating to items that may be reclassified to profit or (-) loss</b>	<b>20,719</b>	<b>(14,683)</b>
<b>C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>277,605</b>	<b>596,619</b>
Attributable to minority interests (non-controlling interests)	-	-
Attributable to the owners of the parent	277,605	596,619

The accompanying notes 1 to 54 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 2020.

(\*) Presented for comparison purposes only.



## Consolidated statements of changes in total equity for the years ended 31 December 2020 and 2019

(Thousands of euros)

											Minority Interests			Total
	Share capital	Share premium	Equity instruments issued other than share capital	Other equity items	Retained earnings	Revaluation reserves	Other (-) reserves	Treasury shares	Profit or loss attributable to the owners of the parent company	(-) Interim dividends	Accumulated other comprehensive income	Accumulated other comprehensive income	Other items	
<b>Closing balance at 31.12.2019</b>	269,660	1,184,265	-	12,567	2,762,882	4,716	4,252	(1,222)	550,665	(175,442)	187,621	-	-	4,799,964
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opening balance at 1.1.2020</b>	269,660	1,184,265	-	12,567	2,762,882	4,716	4,252	(1,222)	550,665	(175,442)	187,621	-	-	4,799,964
Total comprehensive income for the period	-	-	-	-	-	-	-	-	317,123	-	(39,518)	-	-	277,605
<b>Other changes in equity</b>	-	-	-	(5,085)	288,255	90	(19,030)	(2,419)	(550,665)	175,442	-	-	-	(113,412)
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>	269,660	1,184,265	-	7,482	3,051,137	4,806	(14,778)	(3,641)	317,123	-	148,103	-	-	4,964,157

## Consolidated statements of changes in total equity for the years ended 31 December 2020 and 2019

(Thousands of euros)

												Minority Interests		Total
	Share capital	Share premium	Equity instruments issued other than share capital	Other equity items	Retained earnings	Revaluation reserves	Other (-) reserves	Treasury shares	Profit or loss attributable to the owners of the parent company	(-) Interim dividends	Accumulated other comprehensive income	Accumulated other comprehensive income	Other items	
<b>Closing balance at 31.12.2018 (*)</b>	269,660	1,184,265	-	18,151	2,523,867	7,425	(10,907)	(693)	526,398	(173,980)	141,666	-	-	4,485,852
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opening balance at 1.1.2019</b>	269,660	1,184,265	-	18,151	2,523,867	7,425	(10,907)	(693)	526,398	(173,980)	141,666	-	-	4,485,852
Total comprehensive income for the period	-	-	-	-	-	-	-	-	550,665	-	45,954	-	-	596,619
<b>Other changes in equity</b>	-	-	-	(5,584)	239,015	(2,709)	15,159	(529)	(526,398)	(1,462)	-	-	-	(282,508)
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)	-	-	-	-	-	-	-	-	-	(264,661)	-	-	-	(264,661)
Purchase of treasury shares	-	-	-	-	(295)	-	-	(52,907)	-	-	-	-	-	(53,202)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	52,378	-	-	-	-	-	52,378
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	-	-	-	263,199	-	-	-	(526,398)	263,199	-	-	-	-
Increases or decreases in equity arising from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	(5,584)	-	-	-	-	-	-	-	-	-	(5,584)
Other increases or (-) decreases in equity	-	-	-	-	(23,889)	(2,709)	15,159	-	-	-	-	-	-	(11,439)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance at 31.12.2019(*)</b>	269,660	1,184,265	-	12,567	2,762,882	4,716	4,252	(1,222)	550,665	(175,442)	187,621	-	-	4,799,964

(\*) Presented for comparison purposes only.

## Consolidated statements of cash flows for the years ended 31 December 2020 and 2019

(Thousands of euros)

	31.12.2020	31.12.2019 (*)
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>8,538,308</b>	<b>156,475</b>
Profit or loss for the period	317,123	550,665
Adjustments to obtain cash flows from operating activities	860,390	517,188
Depreciation and amortisation	75,577	80,943
Other adjustments	784,813	436,245
<b>Net increase/(decrease) in operating assets</b>	<b>4,355,843</b>	<b>4,454,544</b>
Financial assets held for trading	(1,689,408)	(1,315,248)
Non-trading financial assets mandatorily at fair value through profit or loss	(10,748)	(587)
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	(1,816,622)	366,277
Financial assets at amortised cost	7,946,282	5,439,201
Other operating assets	(73,661)	(35,099)
<b>Net increase/(decrease) in operating liabilities</b>	<b>11,837,451</b>	<b>3,668,701</b>
Financial liabilities held for trading	(1,441,548)	(974,244)
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortised cost	13,296,974	4,584,168
Other operating liabilities	(17,975)	58,777
<b>Income tax recovered/(paid)</b>	<b>(120,813)</b>	<b>(125,535)</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(120,860)</b>	<b>1,309,581</b>
Payments	(189,627)	(352,621)
Tangible assets	(17,911)	(57,699)
Intangible assets	(68,773)	(87,578)
Investments in joint ventures and associates	-	-
Subsidiaries and other business units	-	(207,344)
Non-current assets and liabilities classified as held for sale	(102,943)	-
Other payments related to investing activities	-	-

	31.12.2020	31.12.2019 (*)
<b>Proceeds</b>	<b>68,767</b>	<b>1,662,202</b>
Tangible assets	-	10,994
Intangible assets	-	-
Investments in joint ventures and associates	228	517
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	68,539	91,950
Other proceeds related to investing activities	-	1,558,741
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>219,823</b>	<b>(562,438)</b>
Payments	(186,761)	(614,816)
Dividends	(87,758)	(264,661)
Subordinated liabilities	(40,000)	(297,250)
Redemption of own equity instruments	-	-
Acquisition of own equity instruments	(59,003)	(52,905)
Other payments related to financing activities	-	-
<b>Proceeds</b>	<b>406,584</b>	<b>52,378</b>
Subordinated liabilities	350,000	-
Issuance of own equity instruments	-	-
Disposal of own equity instruments	56,584	52,378
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>8,637,271</b>	<b>903,618</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>6,407,046</b>	<b>5,503,428</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>15,044,317</b>	<b>6,407,046</b>
<b>Of which: Interest received</b>	<b>1,413,935</b>	<b>1,375,623</b>
<b>Of which: Interest paid</b>	<b>168,193</b>	<b>223,699</b>

The accompanying notes 1 to 54 and appendices I through VI attached hereto form an integral part of the consolidated statement of cash flows for the year ended 31 December 2020.

(\*) Presented for comparison purposes only.

Despite high market volatility, Bankinter's share price performed discreetly.

# Share price

## A hard-to-forget stock market year

On the stock markets, the COVID-19 pandemic also determined how the year went. The main indicator of the Spanish stock market, the Ibex 35, fell 15% compared to the end of 2019. The Ibex 35 lost more than 30% at various points during the year as a result of the high volatility experienced by the capital markets. The financial sector was one of the hardest hit by this difficult environment, with all banking stocks in negative territory at the close. Spanish listed banks reported an average 31% loss compared to the previous year at the end of December.

In this difficult context, Bankinter's shares showed a modest performance: with a 32% fall in the quoted price. The Bank's market capitalisation at 31 December 2020 stood at 3.977 billion euros. Shareholder return – including dividend yield – was negative, at -31%. Moreover, the dividend yield was especially affected by the European regulator's limitation on the payment of dividends by the financial sector. Accordingly, no dividends have been paid to date against the 2020 financial year. A final dividend is pending after the closing of the financial year and the relevant authorisation by the regulator.

### Share capital

At the end of 2020, 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 57,878 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 2020 are detailed in the following tables:

#### Shareholders with significant holdings. 31.12.2020

Name	Total shares	%
Cartival, S.A.	208,410,131	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	16,168	27.93	254,099	0.03
From 101 to 1,000 shares	18,898	32.65	9,431,253	1.05
From 1,001 to 10,000 shares	19,161	33.11	63,503,178	7.06
From 10,001 to 100,000 shares	3,369	5.82	79,162,405	8.81
More than 100,000 shares	282	0.49	746,515,219	83.05
<b>Total</b>	<b>57,878</b>		<b>898,866,154</b>	

#### Summary by type of shareholder

Type	No. of shareholders	%	No. of shares	%
Residents	57,097	98.65	492,836,919	54.83
Non-residents	781	1.35	406,029,235	45.17
<b>Total</b>	<b>57,878</b>		<b>898,866,154</b>	

#### Data per share for the period, at 31/12/2020 (euros)

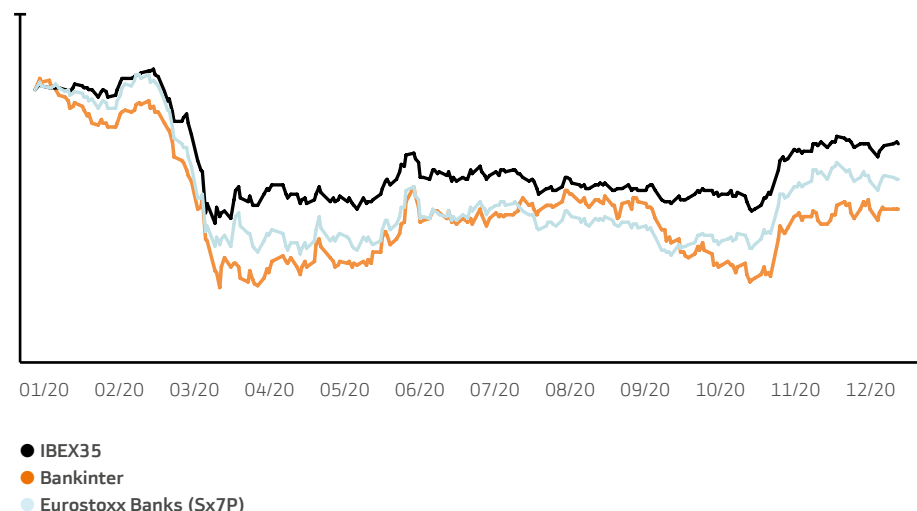
Earnings per share in 2020	0.33
Dividend per share in 2020	0.10
Book value per share	5.52
Share price at beginning of period	6.53
Minimum share price in 2020	3.00
Maximum share price in 2020	6.74
Last share price in 2020	4.42
Performance over last 12 months (%)	-32.27

#### Stock market ratios at 31.12.2020

Price/book value (times)	0.80
PER (price/earnings, times)	12.53
Dividend yield (%)	2.21
Number of shareholders	57,878
Number of shares	898,866,154
Number of shares of non-residents	402,161,637
Average daily trading volume in 2020 (number of shares)	4,370,561
Average daily trading volume in 2020 (thousands of euros)	18,555

**Market capitalisation (thousands of euros)** **3,976,584**

#### Share price. Relative performance (%) last 12 months (Dec-19 base 100)



(\*) 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.

## Dividend policy

No interim dividends out of profit for 2020 were distributed in the first half of 2020 in accordance with recommendations issued by supervisors to improve the Group's ability to help support the economy given the crisis caused by COVID-19.

Dividends distributable charge to profit for 2020, 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 118,882 ADRs outstanding at the end of 2020. 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

Payment date	Dividend per share (euros)	No. of shares	Amount (euros)	Corresponding year
Mar-2021	0.04976381	898,866,154	44,724	2,020

For years, the 'You First' programme has allowed news to reach Bankinter shareholders before anyone else.



# Shareholders' Office

## You are our priority

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.

Further, the Shareholders' Office 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.

This Office has two other critical missions: informing internal stakeholders and supervisors about shareholder composition and ensuring adherence to the Securities Market Code of Conduct, which Bankinter employees must observe with regard to the Bank'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.

### 2020 Annual general meeting

On 19 March 2020, the annual general meeting took place in person and online. With a quorum of 71.60%, which was in line with previous years and above the average among Ibex35-listed companies. A final gross dividend of 0.09765 euros was approved by shareholders.



We have been able to maintain direct contact with our stakeholders using telematic channels.

# Investor relations

## Constant commitment to transparency, rigour and balance, with maximum efficiency

Investor Relations at Bankinter have always been governed by the principles of equality, rigour and transparency typical of our culture, and demanded by market regulators. Our main pledge is to supply relevant information on how the various businesses are performing, as well as the new strategies to be followed in Bankinter's operations, both by type of business and by geography. In such an atypical year, these are some of the actions conducted in 2020 that allow us to continue complying with this corporate pledge:

- Every quarter (in January, April, July and October), we keep our appointment to present the Group's results to the investment community via webcast and teleconference. Between 150 and 200 financial analysts and institutional investors, from both Spain and abroad, usually connect to this type of meeting. After the presentation, a Q&A session takes place.
- In a very difficult year in terms of mobility, we have been able to maintain Bankinter's attendance at international conferences and seminars convened by brokerage firms and investment banks, albeit telematically. However, this did not mean a decrease in the number of attendees or in the intensity of the meetings. Thanks to these advanced telematic means, it has 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.
- With new telematic means, the almost 300 meetings a year with institutional investors and qualified analysts have remained unchanged, either in one-on-one sessions or in groups, organised by the brokers or directly by the corporate access departments of each of the interested institutions.



- This year, the usual visits to investors and potential investors in the world's capitals (New York, London, Paris, Rome, Frankfurt, Zurich, Geneva, Copenhagen, Helsinki, Stockholm, etc.) have been temporarily cancelled pending a normalisation in communications and trusting that, as soon as a 'new normal' is reestablished, we will resume the vital-for-the-industry roadshows.

Finally, as at 31 December 2020, the Bank had 45% of its shares in the hands of non-resident and mostly institutional investors, a level similar to that of previous years. We are confident that we can once again expand the geographic shareholder base, exploring new markets, such as the American West Coast or Asia.

## Sustainability

The Investor Relations area maintains an ongoing connection with the Bank's Sustainability area to supply a constant information flow between the Bank and different agencies specialising in sustainability. The aim is to respond to the growing demand and sensitivity of international investors towards aspects such as good corporate governance, environmental protection and consideration of social issues in all our activities.

These agencies, and the 'proxy advisors' (firms that advise institutional investors on voting management at annual general meetings), draw up rankings, reports and indices which always list Bankinter as one of the most sustainable companies in our market and our financial sector globally, as we already mentioned in other chapters of this Report.

As continuous recognition of our good sustainability management, the Bank was included for the third consecutive year (2020) in the European and World Index of the Dow Jones Sustainability Index. The merit of Bankinter is twofold because most of the institutions included in this index have much larger budgets, due to their size.

As usual, Bankinter's financial stability, customer relations management, anti-corruption policies and measures, labour practices indicators and human capital development were its most highly rated attributes.



# Rating

## Certified capital adequacy

A good rating facilitates its deposit-taking costs and financing capacity on the markets and preserves the Bank's privileged position with respect to its size.

Bankinter's ability to improve and maintain its key financial ratios (capital adequacy, liquidity, asset quality and profitability) became apparent once again in 2020. This is reflected in its ratings and outlook as applied by S&P Global, Moody's and DBRS, three of the world's leading agencies. A good rating facilitates its deposit-taking costs and financing capacity on the markets and preserves the Bank's privileged position with respect to its size.

These are Bankinter's credit ratings at the end of this year:

- **Moody's Ratings Limited** gives Bankinter a long-term issuer credit rating of Baa1, P-2 for the short term, with a 'stable' outlook for both ratings.
- **S&P Global Ratings** gives Bankinter a long-term issuer rating of BBB+, A-2 for the short term, although with a 'negative' outlook.
- **DBRS Morningstar** assigns a long-term rating of A (low) and short-term of R-1 (low), also with a 'negative' outlook.

# Own funds

## High-quality comfortable capital

In 2020, one of Bankinter's strategic priorities remained unchanged: active management of its capital, to reinforce its position in terms of capital adequacy and to be able to face the economic effects of the pandemic.

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The economic context of 2020 was more complex than usual. The pandemic had a global impact on world economies. Throughout the year, domestic authorities took measures to alleviate the effect of the health crisis on the economy.

Regarding the financial system, the European Parliament and the European Council approved Regulation 2020/873 (CRR Quick Fix) that makes it more flexible and facilitates compliance with the capital requirements set by the European supervisory authorities. This includes measures such as the new support factors for SMEs and infrastructures, which reduce capital consumption and the level of risk-weighted assets (RWAs). 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. The ECB also stated that banks could partially cover the requirement of 'Pillar 2G' and 'Pillar 2' with lower quality instruments, i.e. additional tier 1 capital (AT1) or Tier 2 capital.

In addition, the national governments approved public guarantee programmes for corporate financing, with the aim of promoting the flow of credit necessary to protect companies and self-employed workers, and to mitigate the potential effects of the pandemic.

Given the persistent uncertainty about the future of the economy, the ECB recommended that credit institutions exercise extreme caution when paying out cash dividends and paying variable remuneration to their employees.

All of these measures and Bankinter's business model and its prudent risk and capital management policy have enabled the Group to operate with comfortable levels of capital, of high quality and far above that the requirements of the regulatory authorities and supervisors.

## Strategic priority

In 2020, one of Bankinter's strategic priorities remained unchanged: active management of its capital. 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 levels.

The Group's highest-quality capital, the CET1 ratio (the quotient between Common Equity capital *Tier 1* and risk-weighted assets), stood at 12.29% at close of 2020, 68 basis points up from 2019 and the highest in its recent history. This level of capital exceeded by almost five percentage points the minimum requirement demanded by the ECB for Bankinter Group in 2020, i.e. 7.675% (8.2% in 2019).

As per the ECB's recommendations, the Bank has modified its usual shareholder remuneration policy, reducing the pay-out level (portion of profits allocated to dividends) for the 2020 financial year from 50% to 15%. As a consequence, the highest-quality capital was reinforced by 80 basis points.

Demand for credit grew steadily throughout the year, largely thanks to the launch of public guarantee programmes, which led to an increase in exposures. However, this impact was mitigated with regard to calculating capital consumption because of said guarantees. A mention should also be made of the increase in the level of provisions for credit risk to alleviate the potential future effect of loans in difficult situations. Business performance and the creation of

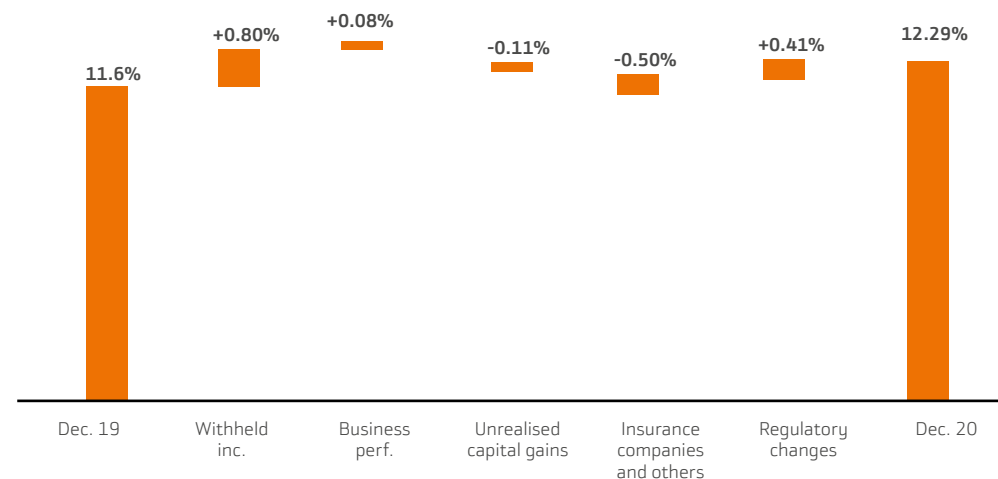
new provisions made it possible to shore up the CET1 capital by 8 basis points.

The latent capital gains of the ALCO portfolio (fixed income) declined sharply in the first quarter of the year, due to the impact of the health crisis on the markets. Although this negative effect gradually faded throughout the year, the levels of the previous year were not reached, and CET1 was down by 11 basis points.

Línea Directa Aseguradora did not distribute dividends to the parent company against its 2020 results. This prudent approach increased the holding's value and, consequently, increased the capital consumed by the Group to maintain the investment. This higher consumption, and other factors such as the activation of investments in technology, had a negative impact on capital of 50 basis points.

Finally, the regulatory changes brought about by the implementation of the CRR Quick Fix (e.g. the reducing factor for SMEs and infrastructures and the new method for calculating the deduction for investments in technologies) added 41 basis points to CET1.

## Variations in the CET1 ratio



## No changes for 2021

The Single Supervisory Mechanism, integrated into the European Central Bank, has made no changes to the minimum capital requirements with which European banks must operate in 2021. As such, Bankinter must have a minimum CET1 level of 7.675%. This ratio is made up of 4.50% of the capital required by the so-called Pillar 1 of the rules (which sets the minimum threshold for all banks), 0.675% of Pillar 2 (the result of the specific supervisor judgement for each bank's risk profile) and a capital conservation buffer of 2.50%. In terms of total capital (CET1 plus lower-quality capital), the supervisor's requirement for 2021 stands at 11.70%.

Once again, the minimum capital requirements imposed on Bankinter by the supervisor are the lowest of all Spanish banks and among the lowest in Europe.

## New buffer

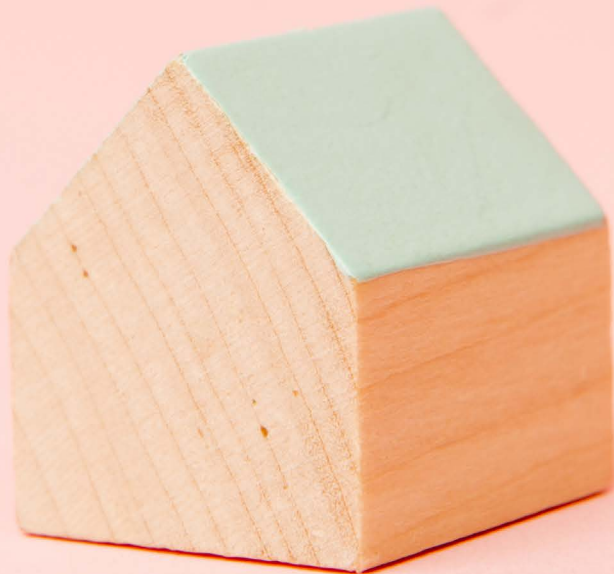
In December 2020, the Single Resolution Board informed Bankinter of the Minimum Requirement for Eligible Liabilities (MREL), a new buffer of own funds and liabilities with the capacity to absorb losses if the Bank were to struggle. From 1 January 2022 (binding intermediate requirement), Bankinter must reach a volume of instruments amounting to 16.18% of the Group's consolidated risk-weighted assets and 5.28% of the exposure to the leverage ratio. The final MREL requirement, which the Bank must meet no later than 1 January 2024, stands at 17.26% of the risk-weighted assets and 5.28% of the exposure to the leverage ratio.

Throughout 2020, the Group built up a buffer of eligible liabilities to comply with the MREL requirement. In addition to generating organic capital and managing its balance sheet, in January 2020 Bankinter launched its first issuance of senior non-preferred green debt for a total of 750 million; and, in July, it placed a Tier 1 capital issuance (Additional Tier 1) of 350 million. At the close of 2020, the level of instruments eligible as MREL stood at 21.62%, and 8.44% of the exposure to the leverage ratio.

## Objectives

For financial year 2021, the Bank's objectives are: organic generation of capital to be able to operate comfortably above the levels established by the supervisor; and a return to its usual dividend policy, which would enable it to recover its 50% cash pay-out, if advisable considering the economic situation and following the ECB's recommendations at all times. The Bank also hopes to obtain authorisation from the supervisor to distribute Bankinter, S.A.'s share premium to its shareholders, as approved at the last annual general meeting, by distributing shares of Línea Directa Aseguradora, scheduled to go public in 2021. This operation is expected to have a neutral or positive impact on Bankinter Group's capital levels.

The work of the International Banking team was recognised with the award for the best financing project by the Asociación de Financieros de Empresa, for its management of the COVID-19 line of liquidity for companies backed by CESCE.



# Corporate Banking

## Investment boost, with ICO loans

Granting loans associated with the COVID-19 crisis (mainly those guaranteed by the ICO, but also CESCE loans for exporting companies) was decisive in the performance of the Corporate Banking business in 2020. In both cases, Bankinter's operations was much higher than would be expected given its market share in the sector. In ICO loans, the Bank granted 7% of the loans drawn down, i.e. 40% more than its market share of 5%. To a large extent, these figures are explained by the development of specific products to finance working capital (Bankinter was the only bank doing this) and by fully remote agile procedures.

In CESCE loans, the overexertion was even greater and the Bank enabled 30% of the total loans to be granted. The work of the International Banking team was recognised with the award for the best financing project by the Asociación de Financieros de Empresa, for its management of the COVID-19 line of liquidity for companies backed by CESCE.

### Strong increase in investment

The intense work associated with ICO/ CESCE loans had a decisive influence on the growth of Corporate Banking's loans and receivables, which reached 28 billion euros as at December, 12% up from the previous year. Nevertheless, the NPL ratio remained stable. In March, after the state of emergency was declared, there was some rebound, which smoothed out throughout the year. Some increase in defaults is to be expected in 2021. However, the extension of the grace period and the maximum repayment period of ICO loans may moderate the increase in non-performing loans. In any case, this is expected to continue far below the industry average in Spain.

The positive performance of Corporate Banking under the strong pressure and tension generated by the coronavirus can be explained by the good response from the Bank's strategies and its professionals, at three levels:

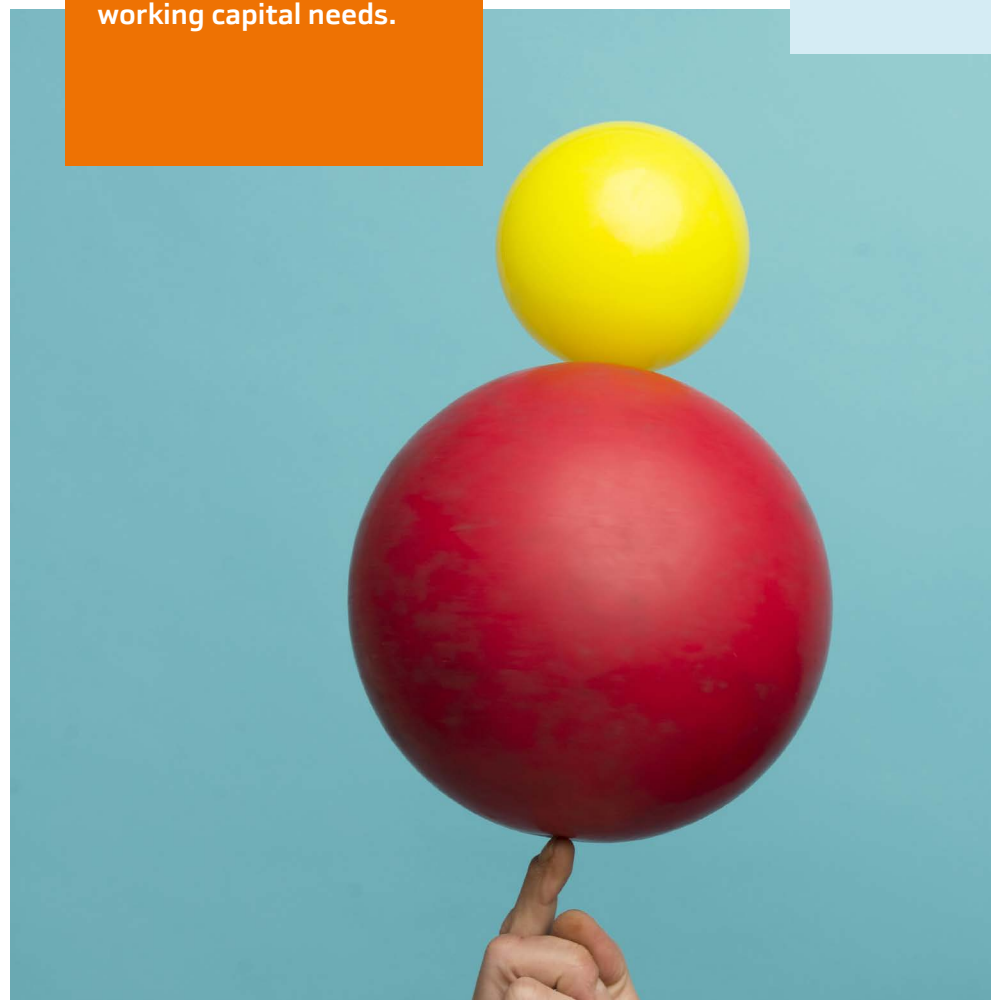
- Teleworking went well. Fast adaptation to the new remote working conditions was key in achieving the objectives.
- The agility of the customer relationship management (CRM) system. The realised commercial activity, much higher than in previous years, and the speed of execution notably helped the area to respond to the new needs of corporate customers.
- The effectiveness of the operational area. The ICO lines demanded a very intense effort in terms of operations, arrangements and procedures.

### Close to businesses

For 2021, the area's strategy consists of maintaining its very close relationship with businesses, paying special attention to their working capital needs. There should be a new increase in investment, albeit more moderate than in 2020, with International Banking having a particularly good outlook. Business forecasts point towards a more difficult first half of the year, contingent on the progress of COVID-19 and the speed in the response to vaccines. For the second half of the year, we can expect a clear rebound in economic activity, partly driven by the arrival of aid from European funds.

The dynamics of the Spanish financial sector, including several consolidation operations underway, will facilitate new opportunities to attract customers, as during the 2008-2012 economic-financial crisis. Just like at that time, the Bank will try to be very selective to leverage these opportunities in a profitable way.

**For 2021, the area's strategy consists of maintaining its very close relationship with businesses, paying special attention to their working capital needs.**



The Bank's digital capabilities were put to the test and the available technological means had to be further developed to replace face-to-face management and find new forms of relating, both with customers and with the Bank's professionals.

# Commercial Retail Banking

## Extraordinary effort to keep up with activity

The pandemic demanded an extraordinary effort from Commercial Retail Banking professionals to minimise its impact and maintain an almost normal pace of activity. The Bank's digital capabilities were put to the test and the available technological means had to be further developed to replace face-to-face management and find new forms of relating, both with customers and with the Bank's professionals.

The results of these efforts were very positive in economic terms. Commercial Retail Banking's gross operating income increased by 3%, to 579.3 million euros. Private Banking, which includes customers with liquid assets of more than one million euros, grew by 4%. In this area, despite market drops and volatility, customers maintained their investment positions, resulting in good figures for fees on equities and investment funds. The Investment Banking and real estate brokerage fees, and management and advisory services also performed well. The gross operating income also rose significantly in Personal Banking (customers with assets between 75,000 and one million euros). In Individual Retail Banking, the trend was stabilisation. In Foreigner Residents, the

gross operating income increased slightly, despite the limitations imposed worldwide on the international movement of people.

### Boost to the Salary Account

Regarding the main financial products, the Salary Account's portfolio registered another year of positive growth. New business increased slightly vs 2019 and the balance increased by 22% to exceed 12 billion euros. The Salary Account has maintained its advantages since its launch in 2012, consolidating its position as a leading product in the market and confirming its capacity to attract business from natural persons.

New loans suffered during the lockdown months. At the end of the year, the decrease in amount was only 7%, as a result of strong growth in the last months of the year. This allowed us to recover a large part of the business we lost in March, April, May and June. New personal loans fell by 12%, in line with the application of a stricter risk policy due to the pandemic.



Commercial Retail Banking activity in 2020 was completed with the launch of 'Bankinter Family' in the final quarter. This is an innovative business line aimed at addressing family financial management globally, including products, solutions and services adapted to each stage of the customer's life and to the different generations that are part of the household. The response to the proposal was excellent in the first months of its launch.

The 'BK Youth' offering was consolidated in 2020. It is targeted at supplying promising young people with a global financial service, including savings, financing and investment proposals. In its second year, 'BK Youth' exceeded 100,000 customers and became a transversal business proposal with great projection in the short and medium term. In 2020, the Private Banking segment also launched new global wealth management projects aimed at athletes and religious institutions.

### Improved service quality

Our hard work to cushion the impact of the pandemic was also rewarded in terms of customer satisfaction. Customers gave positive ratings to the network service, accessibility and the Bank's measures for financial support and information. In Personal Banking, the NPS index (an indicator of service quality) exceeded 35 points at the end of the year, the highest figure since July 2014. In Private Banking, the NPS improved substantially, from 47.3 to 51.1 points.

The improvement in customer satisfaction had a positive effect on retention rates. In absolute figures, churn fell by 8% during the year and progress was more positive among customers with the highest potential and value, with a reduction of 17%.

**Commercial Retail Banking activity in 2020 was completed with the launch of 'Bankinter Family' in the final quarter.**



Businesses

2020 INTEGRATED  
ANNUAL REPORT



# Private Banking

## Personalised advice for artists and athletes

- The pandemic forced the Bank to promote remote advisory tools in order to reach customers and minimise the impact on business activity and service.
- Different projects were launched to promote growth based on new group segmentations, such as artists and athletes and religious institutions. The aim is to provide them with specific and personalised advice in the management of their assets.
- Despite market volatility and drops, the assets under management rose to 42.814 billion euros, and the assets handled by the management and advisory services increased by almost 8%. Equity fees increased 47%.

### Private Banking

	2020	2019	% chg
Active customers (no. of customers)	42,002	38,967	+7.8
Total customer funds (millions of euros)	28,909	26,111	+10.7
Customer deposits (millions of euros)	12,932	12,111	+6.8
Customer loans (millions of euros)	4,727	4,248	+11.3

# Personal Banking

## Increase in the number of active customers and their level of satisfaction

- In such a difficult year, the growth of active Personal Banking customers was of particular notice (+8.4%). Additionally, customers rated the service they received from the Bank very highly, reaching historical highs with a score of 36.3% on the NPS scale.
- The assets under management of customers in this segment exceeded 25 billion euros. New equity rose to 2.302 billion euros, 68% more than in 2019. The investment exceeded 10 billion euros, with the mortgage as the main driver.
- 'Bankinter Family' was launched, an innovative strategy to address family financial management globally, including solutions, products and services adapted to each stage of the customer's life and to different generations.

### Personal Banking

	2020	2019	% chg
Active customers (no. of customers)	271,060	250,132	+8.4
Total customer funds (millions of euros)	22,421	20,571	+9.0
Customer deposits (millions of euros)	15,155	13,884	+9.2
Customer loans (millions of euros)	10,087	9,640	+4.6

# Individuals and Foreign Residents

## Major commercial effort in a very difficult year

- 'BK Youth', aimed at underage children of our customers, university students and professionals up to 35 years old, registered more than 100,000 active customers in its first year.
- The efforts of commercial teams translated into 54,382 new individual customers. Also, new mortgages were almost the same as in 2019, albeit the activity halted for several months due to the pandemic.
- The gross operating income in the Foreign Residents segment grew by 1.27%, with a sharp decrease in non-performing loans of 22.35%.

### Individual Retail Banking

	2020	2019	% chg
Active customers (no. of customers)	399,272	373,503	+6.9%
Total customer funds (millions of euros)	7,137	5,741	+24.3%
Customer deposits (millions of euros)	6,214	4,916	+26.4%
Customer loans (millions of euros)	12,098	12,418	-2.6%

### Foreigner Residents

	2020	2019	% chg
Active customers (no. of customers)	31,134	30,433	+2.3%
Total customer funds (millions of euros)	321	312	+2.9%
Customer deposits (millions of euros)	295	290	+1.9%
Customer loans (millions of euros)	654	657	-0.5%

# Corporate Banking

## More financing with the same quality of service

- Under extremely difficult conditions and against a backdrop of internal changes, the Corporate Banking teams managed to sign more than 2.200 billion in financing for ICO and CESCE loans. The needs of customers were met in very exceptional circumstances, without penalising the quality of service.
- With the implementation of new individual and group forms of remote work, operations continued, and the volume of deals was even higher than that of a normal situation.

### Corporate Banking

	2020	2019	% chg
Active customers (no. customers)	6,034	5,861	3.0
Total customer funds (millions of euros)	7,878	7,861	0.2
Customer deposits (millions of euros)	7,618	7,633	-0.2
Customer loans (millions of euros)	13,089	12,300	6.4

# Mid-corporate Banking

## Excellent management of ICO/CESCE credit lines

- Almost 4 billion euros were granted in loans from the ICO/CESCE lines established by the government to mitigate the effects of COVID-19, thus providing additional liquidity to more than 2.6 billion to our customers.
- On the strength of managing these lines, the Bank's investment in Mid-corporate Banking rose by 12.7%, reaching 7.509 billion euros.
- The excellent performance of the net interest income (up by 12.6%) allowed the segment's gross operating income to improve by 8.7%.

### Mid-corporate Banking

	2020	2019	% chg
Active customers (no. of customers)	25,389	24,846	2.2%
Total customer funds (millions of euros)	6,858	5,293	29.6%
Customer deposits (millions of euros)	6,581	5,072	29.7%
Customer loans (millions of euros)	7,509	6,670	12.6%

# SMEs

## More income and investment, fewer non-performing loans

- Revenues from the SMEs area increased 3.52% and the gross operating income reached 179.7 million euros. Also, the portfolio's credit quality profile remained unchanged, with a fall in the NPL ratio of 0.7 percentage points, down to 7.36%.
- ICO COVID loan and credit limits were executed with more than 18,000 customers, totalling 2.380 billion euros, helping to increase investment by 11.4%.
- The value proposition for the VIP Area was reinforced, an exclusive space for SMEs where their digitilisation is promoted and they are offered global solutions that go beyond the financial field.

### SMEs

	2020	2019	% chg
Active customers (no. of customers)	75,011	74,079	1.3%
Total customer funds (millions of euros)	5,488	4,491	22.2%
Customer deposits (millions of euros)	5,199	4,223	23.1%
Customer loans (millions of euros)	6,075	5,452	11.4%

# Bankinter Investment

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## Leader in alternative investments in Spanish private banking

After its qualitative leap in 2019 with the launch of its own brand (Bankinter Investment), the Investment Banking business was consolidated in 2020 as a leader in corporate advice, project and asset financing and alternative investment in Spain.

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 2.3 billion euros of capital from Spanish private and institutional banking customers, with a total investment of over 4.2 billion euros, including the effect of leverage.

With the boost of this new brand, stronger teams and internationalisation, the aim of Bankinter Investment for the next two years is to increase the funds raised from customers to 3.5 billion euros and achieve an investment of 8 billion euros in different types of alternative assets.

These alternative assets are the Bank's value proposition for high net wealth individuals and for institutional customers in the current market scenario of low interest rates and volatility, which makes traditional investment products extraordinarily complicated.

The new vehicles, which make up the best platform of this type in Spain, include:

- **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 in environmental sustainability and whose success has led to four editions of the fund. The last edition, Helia IV, raised more than 250 million euros from customers in May 2020.
- **VStudent Aulis (venture capital fund)**, a vehicle that focuses on the acquisition and management of opportunities in the largely unexplored segment of student residences.
  - **The Titán fund**, recently registered by Bankinter Investment, which will invest in northern European infrastructure.
  - **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.
  - Also in 2020, in November, the **Rhea Secondaries fund**, with our partner Aceso Capital, which focuses on leveraging the opportunities of the secondary market in a pan-European venture capital fund.

Bankinter's strategy is to find the best possible professional manager for each type of investment and co-invest with them in the vehicle to be managed. However, the Bank is present in the decision-making bodies, with the power to veto everything that does not conform to the pledges it has made to investors.

Other core activities carried out by Bankinter Investment are:

- Advisory services for mergers and acquisitions
- Capital markets
- Real estate transactions
- Financing (through the Bank's own balance sheet) of entrepreneurial projects

# International Banking

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## Awards for its management of the CESCE line and its business quality

- The acceleration of digital solutions for international business facilitated access to banking services during the pandemic. It consisted of projects such as the currency broker, online export remittances, joining the Swift Global Payment Initiative (GPI), and transparency in the payment flow available to customers.
- International Banking received the award for financial excellence from the Asociación Española de Financieros de Empresa as the year's best project for its management of the CESCE COVID-19 line of liquidity, in order to support exporting companies (its initial limit was 2 billion euros). Bankinter entered into 35% of the total number of agreements issued and executed, and was the number 1 bank in number of transactions. Of the total number of loan agreements issued by CESCE, more than 60% were destined for SMEs. In addition, the area was given recognition from leading banks for the quality of its transactional business (for example, the British Standard Chartered and the American JP Morgan).
- The gross operating income for the area was 172.4 million euros, i.e. more than a quarter of the total for Corporate Banking. The average balance of international business investment increased by 4.58%, to 5.806 billion euros, despite the unfavourable performance of the Spanish trade balance.

# Capital Market

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## More deposits than credits, for the first time ever

- Customer deposits grew significantly in 2020. As a result and for the first time in recent history, customer deposits exceeded Bankinter's loans and receivables, which reinforces the Bank's ability to deal with stressful situations.
- Two issuances were released, both with great demand from institutional investors. In February, the first issuance of green bonds took place for 750 million euros. To strengthen capital adequacy, 350 million euros of contingent convertible debt (AT1) were issued in July.
- The trading area showed great resilience in times of strong tension in the markets. After overcoming the abrupt movements in March, there were nine consecutive months of positive results.

# Bankinter Portugal

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## Customer support, remote service and business growth

Last year, Bankinter Portugal focused on supporting its customers in tackling the economic and financial effects of the health crisis and on protecting its employees through a strict protocol of security measures, which enabled branches to remain open even during the lockdown. It also strengthened its telephone banking and digital banking capabilities to respond to the growing demand for remote service.

Bankinter Portugal made available to its customers the possibility of applying for credit moratoriums, even before they were legally mandatory, among other measures. Loan payments amounting to 1.054 billion euros were made more flexible, of which 589 million corresponded to mortgages, 426 to companies and 39 to consumer finance.

Against this setting, Bankinter Portugal's recurring business grew consistently once again. The gross operating income increased by 13% (to 138 million euros); the operating margin, 50% (54.7 million); the turnover, 6.3% (15.6 billion), and the total credit granted, 7% (6.6 billion). Customer funds rose 6% to 4.8 billion euros.

However, earnings before tax were 45 million euros, a decrease of 31% compared to 2019. This was mainly due to the fact that provisions were no longer released and instead were carried out, as a precautionary measure in anticipation of worsening macroeconomic conditions.

The business areas performed as follows:

**Commercial Retail Banking.** It grew substantially in strategic headings for the business, including shareholders' equity, which totalled 633 million euros, of which 341 million were off-balance-sheet funds. The customer base increased by 16%, with turnover improving by more than 7%. The percentage of customers who interact with Bankinter exclusively digitally is now 40.6.

**Corporate Banking.** The segment of companies with up to five million euros a year in deposits registered a turnover of 1.8 billion, 26% more than in 2019. The segment of medium-sized companies and corporations closed with a growth of 8.3% in its loan book, of 13.5% in the number of customers managed and 13% in the gross operating income generated. The international business registered a 22.6% increase in its loan book.

**Bankinter Consumer Finance.** Business grew by around 18%, reaching 250 million euros and 140,000 customers. Given the circumstances, its main objective was the offer tools that would allow the use of fast, secure and uncomplicated contactless and digital payment methods, as well as to promote remote contract arrangements without the need for paper or in-person visits.

**Bankinter Asset Management.** The year was marked by the completion of the merger between Bankinter Gestão Ativos and its Spanish counterpart Bankinter Gestión de Activos, and the establishment of a branch of the latter in Portugal on 1 July. Its assets under management stood at 756 million euros at the end of 2020.

**Bankinter Seguros de Vida.** Mathematical reserves reached 1.596 billion euros, an improvement of 2.5%, vs 4.2% drop in the market as a whole in Portugal. Written premiums also grew above average. One of the highlights was the enormous success of life insurance for corporate customers, providing financial protection for the families of its subscribers.

With regard to 2021 (the year of its fifth anniversary), the priority of Bankinter Portugal is to maintain its protection of employees and customers and the measures to support the Portuguese economy, as well as the reinforcement and launch of tools that promote remote transactions.

2021 will also serve to reaffirm the innovative and differentiating nature of the Bank's offer of products and solutions. Together with the team's commitment and quality, this will allow Bankinter to reinforce its leading position in the provision of excellent banking services in Portugal.



# Asset management

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## An overall positive result in a year of severe market turmoil

### Results

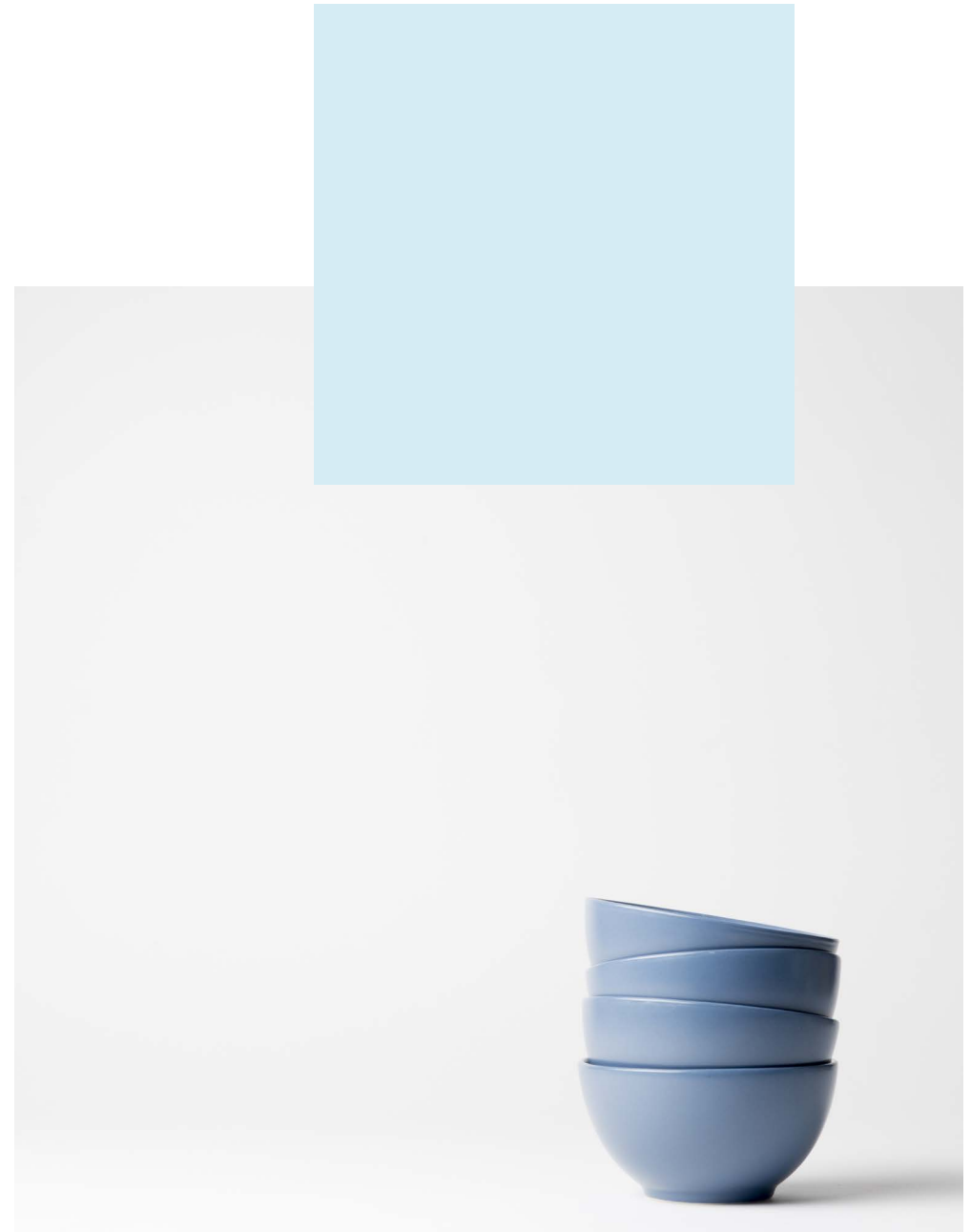
The absolute and relative performance of funds and portfolios has been generally positive in a year of much market turmoil. The decision-making processes to implement the tactical and strategic movements of portfolios have been further strengthened, while prioritising flexibility and agility in the movements and gaining even more in-depth knowledge of the underlying assets.

### Service

With a clear vocation to publicise and promote the sale of all our services and products, the commercial department (created at the end of 2019) has focused on increasing internal communication with the different segments and enhancing external relationships with customers, the media and social media.

### Product

We have simplified our profiling range, created distribution classes, launched selected sector products, while reinforcing our sustainable approach in various products. At the same time, the management company has been designed to extend the ESG philosophy to our product range and strengthen the discretionary portfolio management area in the coming years. All this is unique to a strong commitment to communicating through videos, improving product sheets and presentations.



# Equity

## Record income and digital activity

- It was a record year for income from equity fees. Against a backdrop of enormous volatility and a very impaired macroeconomic scenario, the international markets business was boosted, rebalancing the portfolio primarily towards the United States.
- It was also an extraordinary year in terms of attracting new customers with a securities account. New digital customer acquisition methods were used. Online resources at Broker Academy saw an improvement, and online events were of great quality. Likewise, the number of users and transactions increased considerably, consolidating the new app as a major contributor to transactional activity.
- Adaptation to regulatory changes focused on pre- and post-contractual information, information on depreciation greater than 10%, the offering of US ETFs for professional customers and the creation of the securities domain.

### Equity

	2020	% chg
Cash traded (millions of euros)	28,992	59%
Number of transactions (thousands of euros)	1,724	84%
New clients with securities acc.	18,624	105%
Total cash value deposited	20,432	-4%
Income (int + com) ex socimi (thousands of euros)	67,279	49%

2020 was an extraordinary year in terms of attracting new customers with a securities account.



# Bankinter Consumer Finance

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## Rigour in risk policy and new mortgage offering in Ireland

- In Spain, Portugal and Ireland, Bankinter faced the health crisis with greater rigour in risk policies applicable to consumer loans, a reduction in fund-raising activities in populations with the highest potential risk, and a price adjustment, among other measures.
- One of the milestones of 2020 was the launch of mortgage loans in Ireland, under the 'AvantMoney' brand. As at 31 December, it accounted for 1.4% of market applications, with a volume of 149 million euros, despite that the product was launched in the last three months of the year.
- In line with the aid established by the government for the most vulnerable groups, and in order to mitigate the consequences of the pandemic, Bankinter Consumer Finance joined the moratorium on consumer loans, thus helping its customers fulfil their obligations.

# Insurance and pension plans

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## Better payment conditions for life and home policies

- In order to help customers cope with the consequences of the pandemic, better payment conditions were offered for life and home insurance and discounts were applied to SMEs and the self-employed during the state of emergency. The Group's insurance companies added to the charitable fund that made it possible to establish a collective life insurance policy in favour of health professionals affected by COVID-19.
- Commercial activity resulted in a 4.0% increase in premium income in the life line, which stood at over 93 million euros.
- In 2020, Bankinter launched its first pension plan with environmental, social and good governance (ESG) criteria. Also, thanks to the recovery of the markets in the latter part of the year, its assets under management in this type of collective investment exceeded 2.750 billion euros.

# Bankinter in Luxembourg

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## Capital and liquidity levels that transmit confidence

- The team's work and dedication made it possible to provide remote quality service as normal.
- Similarly to previous years, Bankinter in Luxembourg continued to develop its organic growth, both in terms of the increase in its Private Banking customer base and in assets under management and positive results.
- Growth made it possible to reinforce the main management ratios. High capital and liquidity levels helped to transmit confidence in business robustness, both to customers and to other stakeholders (shareholders, regulators, suppliers, employees, etc.).

# Bankinter Global Services

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## Agility managing moratoriums and ICO credits

- The Operations area adapted in an agile and efficient way to manage mortgage moratoriums (sectoral and legislative) as well as to execute the credit lines enabled by the ICO to help companies.
- Investment in reengineering and digitilisation resulted in scalability and agility in the provision of services to customers.
- Completed technological transformation projects allowed the implementation of new advanced and more robust monitoring systems.

# Línea Directa Aseguradora

## Record numbers and commitment to the fight against coronavirus

Línea Directa Aseguradora, 100% owned by Bankinter, maintained its commercial momentum in 2020 and registered record numbers, amid the difficult circumstances created by the pandemic. It exceeded 3.2 million customers, which represents a growth of 1.6% compared to 2019. It registered a turnover of 899 million euros (+0.9%), and obtained profit before tax of 180 million (+25%). At the same time, it deployed a battery of support and protection measures for its policyholders and employees, and invested greatly in the fight against the virus.

By lines, Línea Directa lowered its turnover by 0.8% in Motor vs a drop of almost 2% experienced by the sector as a whole, which suffered from the sharp decline in passenger car registrations. In Home, written premiums increased 9.3%, triple the sector average, despite the fact that home sales fell 17.7%. And in Health, its Vivaz brand grew 38.6% (compared to the general 5%) and exceeded 80,000 policies with just three years active.

The company's leadership in terms of digital transformation and its innovative nature are also allowing it to better adapt and be a pioneer in the new mobility scenario that has emerged from greater environmental awareness and the emergence of new forms of vehicle access. In 2020, Línea Directa reached 14,500 insured units of motorcycles for shared rental (motosharing), acquired 10% of the new electric vehicles on the market with its Respira Policy and launched Call it X, the first fully-comprehensive insurance with a car included.

This differential behaviour as compared to the sector, an efficient and profitable business model (with an RoE of 35%, well above its peers) and the company's growth potential mean that Línea Directa Aseguradora is greatly attractive for investors in view of going public, a decision approved by Bankinter's annual general meeting on 19 March 2020.

This announcement also coincided with the company's 25th anniversary. Since its inception, Línea Directa has been a clear lever for the modernisation and revitalisation of the Spanish insurance market and has contributed to society with the generation of more than 5,200 jobs, a tax contribution of over 2.6 billion euros and the payment of more than 7.6 billion in benefits to its insured.

Línea Directa's commitment to its stakeholders and to society as a whole was reinforced in 2020 as a result of the pandemic. It increased its workforce by 360 people; adopted flexibility measures in the payment of premiums; contributed financially to the first collective life insurance for health workers created by the Spanish insurance sector; collaborated with care homes and foundations to promote employment equality for people with disabilities; offered public authorities the collaboration of its employees in telephone healthcare, as well as its fleet of courtesy vehicles; and financed the acquisition of 17 PCR analysis robots for the main public hospitals in the country.

**It exceeded 3.2 million customers, which represents a growth of 1.6% compared to 2019. It registered a turnover of 899 million euros (+0.9%), and obtained profit before tax of 180 million (+25%).**

# EVO

## The 'best digital bank' has around 900,000 customers already

- Despite the contextual difficulties, EVO had a great 2020, including two important recognitions, both from the prestigious international publication The World Finance: the award for the best digital bank and the award for the best financial app.
- Its customers grew by 48%, going from 593,900 to 878,800; new mortgage executions multiplied by 3.5 (from 112 to 395 million euros); the mortgage balance within its balance sheet increased 37%, to 1.152 billion; and the NPL ratio was contained at 1.35%.
- The new developments include no fees or conditions to become a customer, the launch of the first 100% digital mortgage and the launch of a new generation of mobile banking that allows, for example, online subscription of all products, automated investment portfolio management and intelligent analysis of financial activity.

# Agent network

## Closer to the customer and increased supervision

- The Agent Network became even closer to customers, to anticipate their investment decisions in a market highly affected by the health crisis, and to attend to their financial needs derived from the pandemic, always within the Bank's risk framework.
- Focus was placed on Private Banking and Personal Banking, the highest added-value segments, which allowed diversification of income and double-digit growth (10%) from fees and commissions.
- The network strengthened its control structure with the creation of a new monitoring and planning area. This new area carries out front-line supervision tasks, in accordance with regulatory requirements, and provides qualitative criteria for the remuneration of agents and the commercial team that supports them.

### Agent network

	2020	2019	% chg
Active customers (no. of customers)	39,703	38,171	+4
Total customer funds (millions of euros)	9,529	8,505	+12.4
Customer deposits (millions of euros)	2,510	2,433	+3.1
Customer loans (millions of euros)	1,713	1,625	+5.4

# Banca Partnet

## 4,500 new customers and more business opportunities

- Banca Partnet's remote business model leveraged mobility restrictions to get closer to partners and their employees. Online activities and videoconference appointments helped to mark a milestone in attracting new customers: 4,556, 31% more than in 2019.
- Greater proximity to partners and their employees also made it possible to detect business opportunities, with the consequent increase of 18% of its assets, particularly mortgages (+17%) and investment in legal persons (+29%).
- Despite the adverse circumstances, the commercial effort resulted in 11% growth in the gross operating income, which reached 65.1 million euros, with an improvement of 13% in the net interest income and 6% in net fee and commission income.

# Remote Banking

## Spectacular increase in customer acquisition and good results

- To adapt to the circumstances arising from the pandemic, Distance Banking reorganised its teams and applied teleworking: it answered 4% more calls, sent 7% more contacts and managed 23% more customer emails than in 2019.
- As a result, remote deposits registered a spectacular growth during the year (58%), despite the inconveniences derived from the health crisis.
- Contact centre commercial activity increased by 21%, particularly as regards equities and investment funds, with practically double the figures from 2019.

### Banca Partnet

	2020	2019	% chg
Active customers (no. of customers)	40,279	37,868	+6.4
Total customer funds (millions of euros)	5,795	5,978	-3.0
Customer deposits (millions of euros)	4,164	4,391	-5.2
Customer loans (millions of euros)	3,190	2,686	+18.7



The aggregate global index of perceived quality in Spain and Portugal, measured through the Net Promoter Score (NPS), reached 41.5% in 2020 (6.7% more than the previous year).

# Quality

## An exceptional effort in an exceptional year

The economic context of 2020 was more complex than usual. The pandemic had a global impact on world economies. Throughout the year, domestic authorities took measures to alleviate the effect of the health crisis on the economy.

In the exceptional situation resulting from the pandemic in 2020, Bankinter focused its efforts on being on the side of its customers, to understand and respond flexibly to their needs, helping them to face the effects of the health crises on their businesses, normal operations and investments.

To this end, communication and contact were promoted through all commercial networks (in person or through working remotely, they managed to maintain their level of service), and telephone banking (quickly adapted to the new situation, with a significant increase in the volume of calls and emails handled).

In digital banking, all of Bankinter's websites and applications worked fully and properly and enabled the Bank to respond to the increase in customer inquiries and

operations. Processes were streamlined and adapted (digital signature, financing, etc.) and numerous measures were implemented in accordance with customer demands (e.g. new products, flexibility and improvement of conditions).

All this effort translated into significant growth in customer satisfaction with the Bank. The aggregate global index of perceived quality in Spain and Portugal,

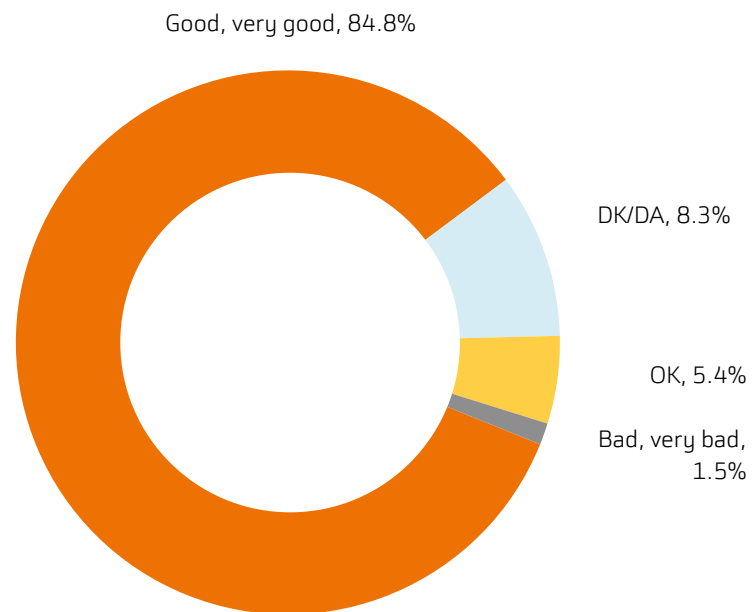
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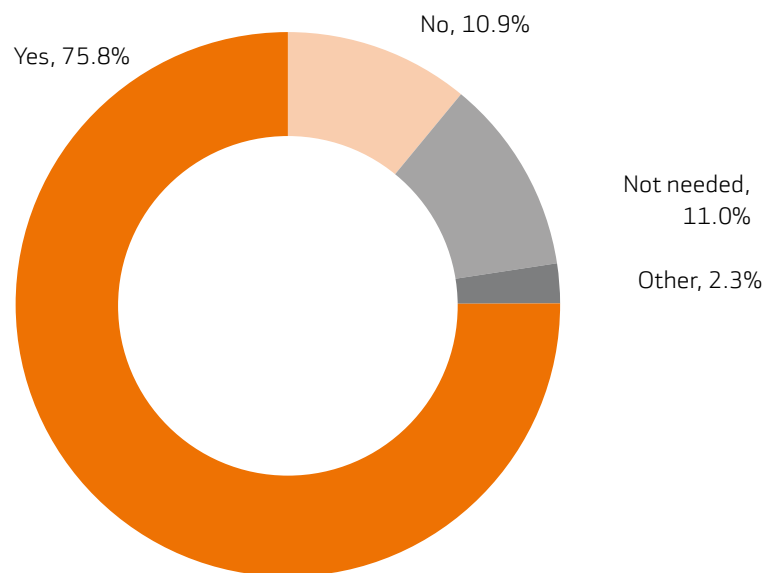
measured through the Net Promoter Score (NPS), reached 41.5% in 2020 (6.7% more than the previous year). In Spain, it stood at 42.1% (+7.1%) and in Portugal, at 34.4% (+20.7%).

The recommendation index (customers who would recommend the Bank to other people) was 51.7% (+ 3.8%) in Spain and 47.3% (+6.5%) in Portugal, while the percentage of dissatisfied customers dropped to 9.7% (-7.6%) and 12.9% (-18.4%), respectively.

Digital channels (websites and apps) presented the highest satisfaction increases (+9.4% in Spain and +9.3% Portugal), although telephone banking and the branch network also scored very high recommendation.



**84.8% of customers rated the service offered through the various channels (apps, websites, telephone banking) as good or very good.**

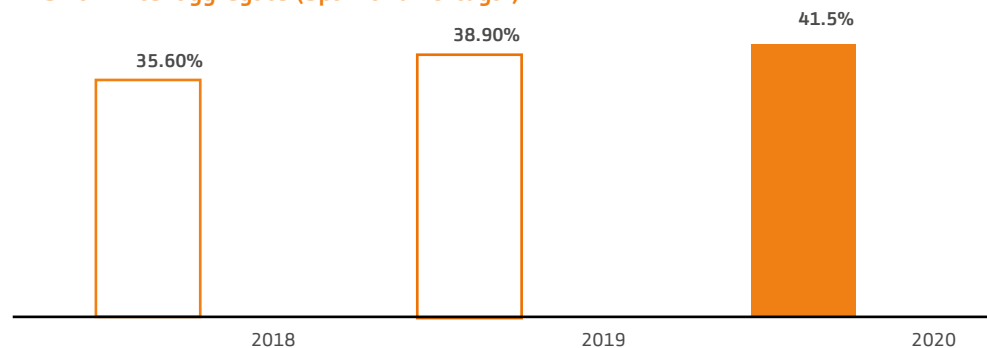


**75.8% of customers have perceived that Bankinter is at their disposal, responding to their queries and needs during the pandemic.**

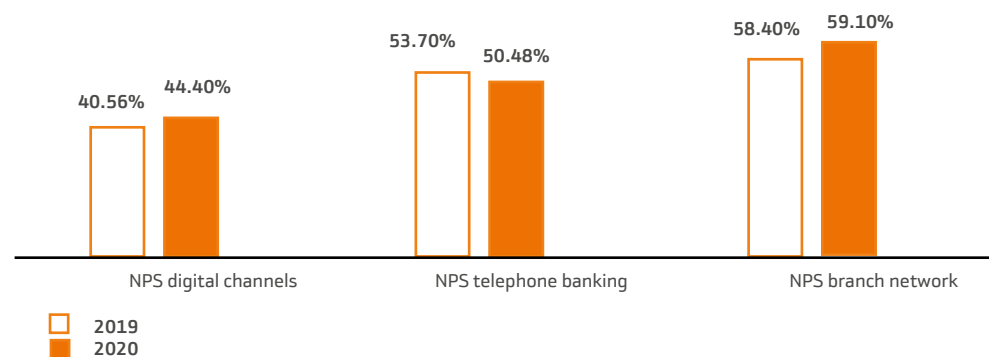
The trend in the level of customer satisfaction remains very positive.

With regard to relationship channels, the level of satisfaction with digital channels (websites, apps) was noteworthy in 2020, with increased customer satisfaction.

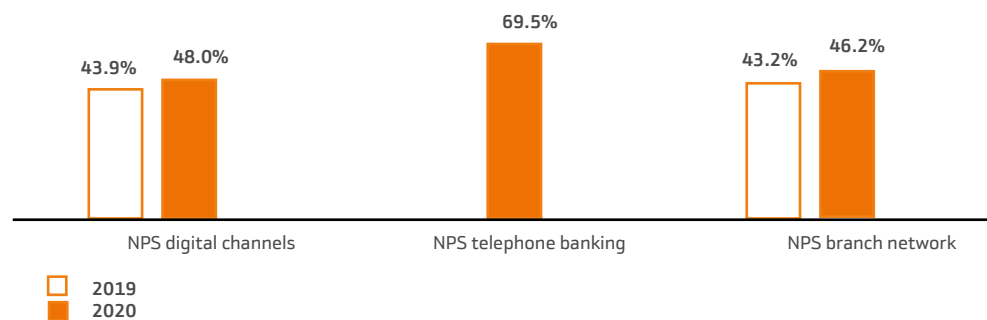
NPS Bankinter aggregate (Spain and Portugal)



NPS by channels, Spain



NPS by channels, Portugal



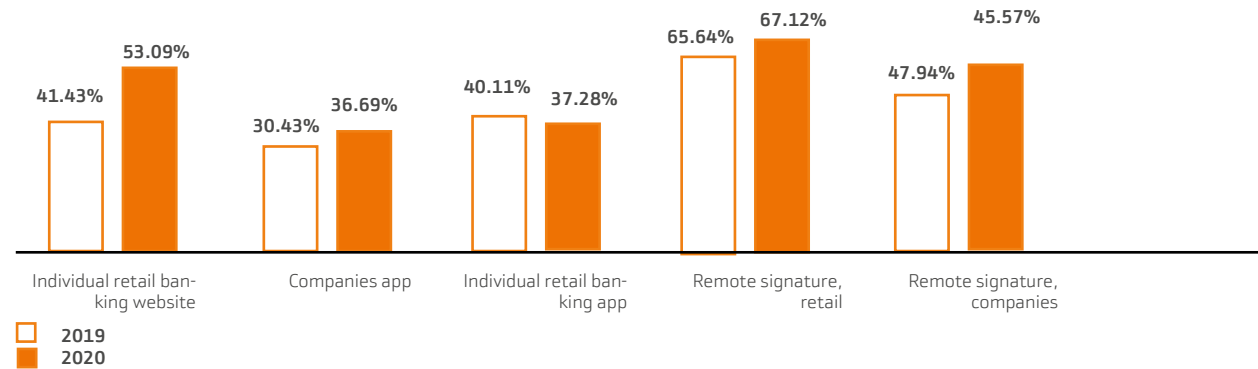
## Digital banking

In 2020, 22 processes in the Bank's websites and apps were measured (+37.5% compared to a year ago), with a view to obtaining information for improving the design, functionality and operation of the applications. The platforms and websites were rated higher than in 2019, reaching an aggregate NPS of 44.4% (+9.4%).

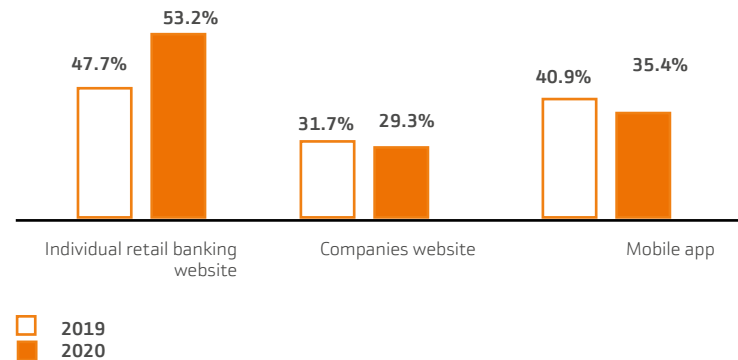
In Spain, highlights include the increase in the appreciation of the website (+28.3%) and the high recommendation levels for the remote signature process. Bankinter Portugal also achieved high levels of recommendation from its customers for the individual retail banking website (+11.5%) and mobile banking (+11%).

The Process Transformation area measured 72 processes in real time to understand and optimise our employees' experience. The Net Satisfaction Score (NSS) stood at an excellent 71.2% (+20% compared to the previous year).

NPS digital channels, Bankinter Spain



NPS digital channels, Bankinter Portugal



Highlights include the increase in the appreciation of the website (+28.3%) and the high recommendation levels for the remote signature process.

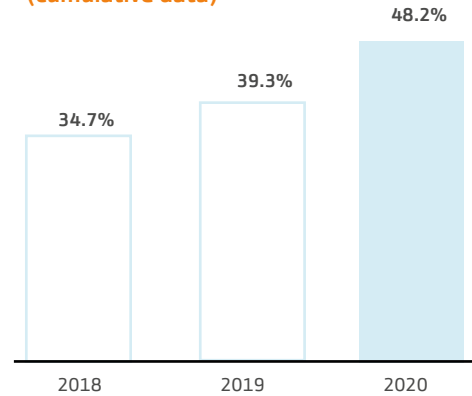
## Internal quality

Following the declaration of the state of emergency, the Bank's central services made a commendable deployment during 2020, in order to equip the network with the necessary tools to provide the best possible service. Facilities were adapted; the information and support to those responsible for advising customers was redoubled; the processes related to ICO loans were streamlined and made more flexible; and the essential technological support was provided to make teleworking a reality.

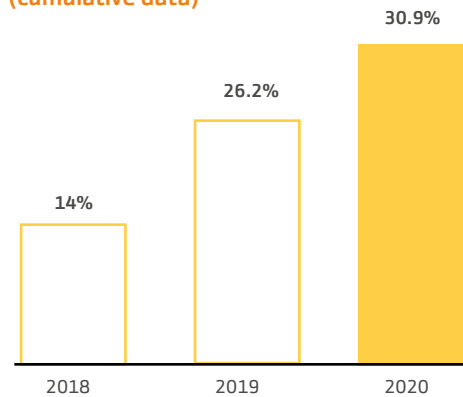
In 2020, 109 internal quality measurements were carried out, with thousands of opinions and suggestions. A total of 118 initiatives were developed, with a focus on processes and their digitisation, information for customers and employees, support and advice to commercial networks, product improvement and the development of new products, and the promotion of communication, service and training for internal customers.

As a result, the degree of satisfaction with central services remained on a very positive trend, increasing by 23% in Spain over the previous year. In Portugal, it rose to 30.9% (+18%), after measures taken primarily in three fields: communication between areas, closeness to people and other areas, and the simplification of internal processes through digitisation.

Internal quality, Spain  
(cumulative data)



Internal quality, Portugal  
(cumulative data)



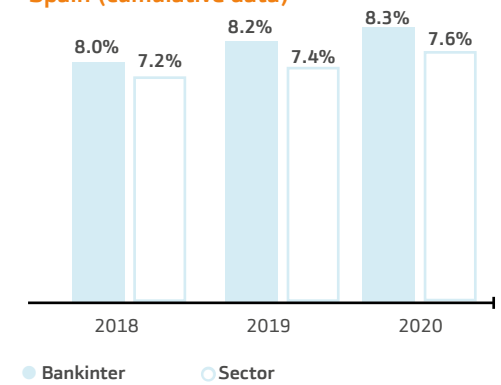
## Peer comparison

The EQUOS RCB annual study, carried out by an independent company, assesses the service provided by the main financial institutions using the mystery shopping technique. Bankinter performed positively one more year, particularly as regards the time spent with customers, the knowledge of their needs and the explanation of the products. Bankinter Portugal maintained its leadership consistently among a total of 15 banks and 6,962 bank branches analysed. Its score is over 10 points higher than the market average, particularly in relation to its improvement in global customer service.

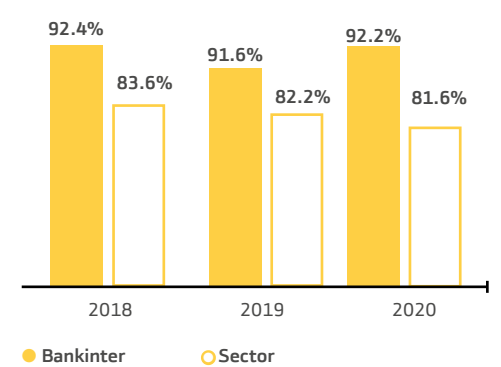
## Objectives

For 2021, the Quality area has set the following challenges: expanding the measurement of digital banking and operations processes, continuing to digitalise internal processes, implementing a predictive quality model in the commercial network, improving management information for all areas of the Bank, and supporting business centres with low NPS levels.

Objective quality, commercial network  
Spain (cumulative data)



NPS Bankinter Portugal  
(cumulative data)



In 2020, Bankinter's commercial communication was recognised with the Grand Efficiency Prize from the Asociación Española de Anunciantes.

# Marketing

## Greater visibility and digital activity

With the mission to design and launch initiatives to accelerate the Bank's growth through the acquisition, retention and loyalty of customers, in 2020, the Marketing area promoted the multi-award winning advertising campaigns 'Money' and 'Portraits' with the new advertising positioning: 'The bank that sees money the way you do'.

Released during April and September, both campaigns managed to exceed the objectives of awareness, consideration, brand preference and acquisition. And their song (which was number one in the Shazam music application and exceeded three million views on YouTube) became an anthem for many people.

Bankinter's commercial communication was recognised in 2020 with the Grand Efficiency Prize of the Asociación Española de Anunciantes (the leading advertising awards), and thus joined the Olympus of previous winners. The campaigns also received the Ondas Award, and, outside Spain, the 'Gran Ojo', which recognises the best Latin idea for the world.



Due to the mobility restrictions imposed by the authorities as of March 2020, all training and events were moved to digital format, achieving notable success among customers and prospects. More than 4,500 people connected to the market information sessions held with the Bankinter Asset Management team. Equity training allowed more than 7,600 customers and prospects to access training imparted through the website of Academia Bróker Bankinter.

June saw the launch of the CFO Forum, Bankinter's training and information platform for companies. It is the first specific meeting place for CFOs and their teams. About 2,000 companies showed interest in the 16 webinars held throughout the year. The platform's activity covered inspirational topics, such as people management or the qualities that CFOs have in common, as well as more sectorial and educational matters, with a total of more than 2,400 views.

Bankinter has reacted to a crisis never before experienced with its characteristic speed in its internal communications.



# Corporate communication

## Proactivity and proximity in corporate communication

In crisis situations, employees emerge as the main stakeholder. Only transparent, reliable and continuous information can create cohesion and commitment in the workforce.

Internal communication is strategic, as is identifying the key channels at all times to promote the dissemination of different messages and innovating in formats and tools. At Bankinter, senior management assumed internal communication in the first person during the pandemic, reporting daily on how the situation was progressing, as well as the Bank's priorities. Focus has been placed on the safety and health of employees, as well as the measures taken to help customers. Bankinter created a microsite with all the details and specific sections containing useful information for employees and customers. The CEO sent a daily message to the entire staff with news and internal indicators of the crisis, both in email format and in video format, and was always close to the workforce.

Physical exercise was also promoted through a charitable challenge in which more than 600 employees participated, contributing minutes of exercise that were translated into aid money for the Spanish Red Cross.

An intranet microsite was created to collate the security protocols and measures adopted, as well as the main indicators of the progress and impact of the crisis. Every week during the state of emergency and after, the CEO addressed employees through a video that was also disseminated externally on social media. The employees themselves shared it from their profiles showing how proud they were to belong.

In short, Bankinter has reacted to a crisis never before experienced with its characteristic speed in its internal communications.

## New intranet

In October 2019, we launched the new Bankinter intranet, the daily access point to Bankinter for all employees, a work tool and an information point to keep up to date on everything that affects us inside and outside the Bank.

The main objectives of this transversal project are:

First, to personalise the intranet as much as possible and make it accessible, intuitive and modern from a technological and design point of view.

Second, to create a new information structure by grouping content by global themes thus making it easier to use and search.

In short, an intranet focused on the employee and with the possibility of personalising content based on the diversity of profiles we have at the Bank.

## External Communication

Bankinter has an External Communication department whose task is to respond to requests for information from the media, to disseminate Bankinter's activity and to identify opportunities for highlighting the Bank's performance. The area designs the global and specific strategies that aim to disseminate the mission, vision and values of the company in the media, in addition to its main results and actions.

In 2020, a very complicated year due to the pandemic, this department significantly increased the dissemination of news about Bankinter's measures to help companies and families overcome the financial downturn caused by the macroeconomic effects of the coronavirus. This allowed all its audiences to gain knowledge of the measures themselves as well as their application framework.

Through the independent consulting firm *Rebold*, the External Communication performs a regular quantitative and qualitative analysis of all media news items featuring Bankinter, comparing them with those of its main competitors. According to these analyses, and due to greater proactivity (as mentioned above), the Bank has increased its visibility in 2020, placing every month between the first and third position among the banks with the best media rating.

**The Bank has increased its visibility in 2020, placing every month between the first and third position among the banks with the best media rating.**



Bankinter was once again leader in positive social media comments among Spanish banks, thanks to its strategy of high-quality content.

# Social media

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## Helping the business

In a year in which the pandemic caused atypical activity on physical channels, the Bank's digital resources became more important than ever. Social media fulfilled their vital task of communicating, informing and helping customers and other target audiences, who found in this channels an up-to-date point of contact and communication available at all times.

The Bank's social media profiles (Facebook, Twitter, LinkedIn and Instagram) offered information during the worst months of the lockdown, later recovering their usual frenetic activity. Special mention should be made of the Bank's YouTube channel, which hosted Bankinter's hundreds of informative and helpful videos. The videos included the successful Bankinter ads in 2020, which accumulated millions of visits and hundreds of comments, mostly positive.

As regards comments on social media, Bankinter was once again the leader in positive comments among Spanish banks thanks to its strategy of high-quality content. According to the external and independent firm *Rebold*, the favourable mentions reached 59.6%, which no other Spanish bank achieved.



## The Bankinter blog, another record year

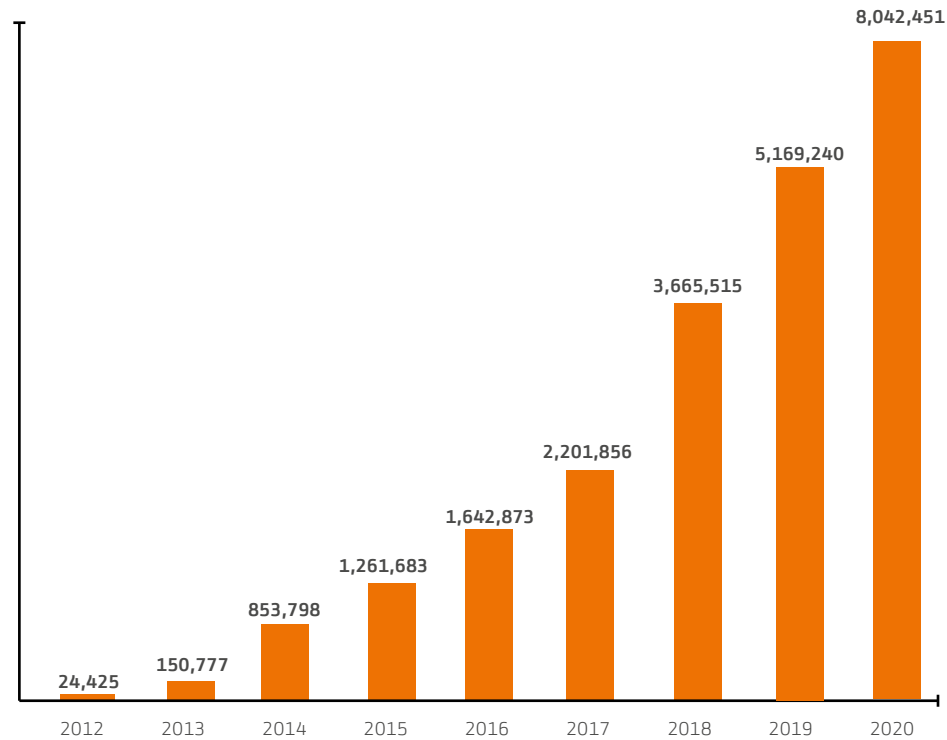
The Bankinter blog is deserving of a special mention. Its audience figures demonstrate how active it is, and how used by customers and the general public. The Bank's content portal registered another record year in 2020 by getting 8,042,451 visits, 55% on 2019, according to Google Analytics data.

With this rise, Bankinter's blog completes a golden five-year period in which its audience has become six times higher, a clear sign of its vocation towards customers and prospects with a view to making helpful content and quality financial information available to them. And we cannot forget that the blog underwent a design change in September.

Likewise, it has continued to be the Bank's cornerstone in its digital communication strategy. In 2020, it became an essential space for the knowledge and dissemination of corporate content. The blog has been a key dissemination tool of the Bank's successful ads and the aid measures put in place for its individual customers, companies, employees and suppliers because of COVID-19.

Additionally, Bankinter's content strategy on social media was once again recognised as the best in Spanish banking, according to the 6th Digital Investment Report by FeelCapital. The report stressed the large amount of content shared through the Bank's blog.

Annual change in Bankinter blog's audience (visits)



Versión 2020

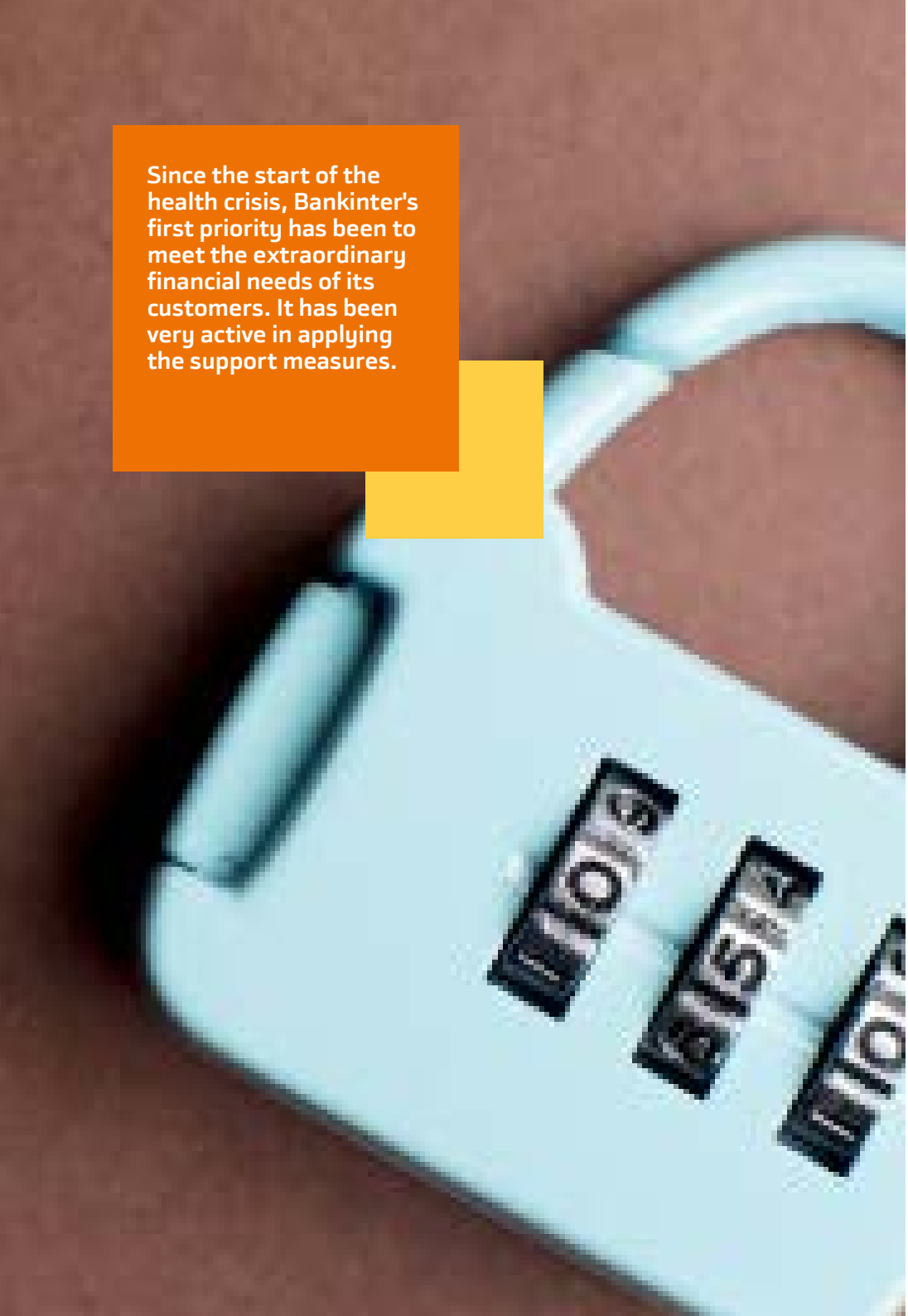
In 2020, the Digital Communication/Social Media department has strengthened its strategic alliances with key departments of the bank to optimise the acquisition of new business. Together with Digital Marketing and CRM, the first steps have been taken to weave an entire content strategy to offer value to both readers and the Bank itself.

This is a very important 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.

Risk



2020 INTEGRATED  
ANNUAL REPORT



Since the start of the health crisis, Bankinter's first priority has been to meet the extraordinary financial needs of its customers. It has been very active in applying the support measures.

# Risk management

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## Prepared for a potential impact on lending

The emergence of the pandemic in 2020, an unprecedented adverse event, meant extraordinary measures had to be taken. Both the health crisis and the decisions taken to face it had a major effect on the normal productive activity, consumption, the economy as a whole and, as a consequence, risk management in the banking business.

The Spanish government adopted a range of measures to alleviate the situation for vulnerable families, guaranteeing the flow of credit needed to protect companies and self-employed workers. These established two types of legislative moratoriums for individuals and business owners who qualified as economically vulnerable, one for mortgage-secured loans and another for unsecured credit. In both cases, borrowers' payment obligations were temporarily suspended at no extra cost.

These initiatives were compounded by the implementation by financial institutions of two types of non-legislative moratoriums,

mortgage-secured and unsecured, aimed at customers with temporary lack of liquidity. Bankinter established a grace period with a deferral of up to four months for the payment of principal which, depending on each individual situation, can be extended up to a maximum of twelve months.

Meanwhile, Spain's official credit institute (Instituto de Crédito Oficial or ICO) approved a series of guarantee lines to ensure that self-employed workers, SMEs and large companies have the necessary liquidity and working capital to maintain production and employment. These facilities are a powerful instrument to avoid the destruction of the production structure and support the extraordinary financing needs of customers. In November, the government approved an extension to the maturity date of these guarantees for an additional period of three years, to a maximum term of eight years from arrangement of the transaction guaranteed, and a 12-month increase in the grace period, to a maximum of 24 months.

The Portuguese government introduced similar measures for the same purposes, with moratoriums for individuals and companies, through credit lines coordinated by mutual guarantee companies.

Since the start of the health crisis, Bankinter's first priority has been to meet the extraordinary financial needs of its customers. It has been very active in applying these aid measures, along with other initiatives described in other sections of this report. At close of the financial year, the moratorium and financing programmes had reached the figures in the table below.

As you can see, at the close of the financial year the gross book value of the Group's moratoriums was 2.206 billion euros, with 5.794 billion euros of financing under public guarantee schemes. These balances, as a whole, represent 11.2% of eligible risk.

Analysing the distribution of aid by branches of activity, the wholesale and retail trade sectors stand out markedly. Next comes the manufacturing industry, due to the large dimension of this sectoral aggregate. In relative terms, the hotel industry and artistic, recreational and entertainment activities also stand out.

Implementation of these measures has had a clear positive effect on containing the economic effects of the pandemic. Proof of this is that the volume of exposure with unpaid balances is at its lowest in recent years, being 39% lower in December 2020 than at the end of 2019. As such, the potential impairment of the loan portfolio will take a while to show up, based on the accumulated fall in activity. Bankinter is actively preparing to deal with the worse times that are expected to come in 2021.

#### Legislative and non-legislative moratoriums

	Gross carrying amount, thousands of euros				Distribution by phases		
	Number of obligors	Total	Legislative moratoriums	Unexpired moratoriums	1	2	3
Households		1,704,780	817,968	1,131,603	95.2%	4.4%	0.4%
Secured by residential property		1,537,036	768,816	1,101,205			
Non-financial corporations		484,328	484,232	461,664	87.6%	11.4%	1.0%
Small- and medium-sized enterprises		386,960	386,863	368,239			
Secured by commercial property		152,547	152,547	149,948			
<b>Total loans and advances</b>	<b>20,162</b>	<b>2,206,491</b>	<b>1,319,582</b>	<b>1,610,340</b>	<b>93.0%</b>		<b>6.4%</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			62,447	99.9%	0.0%	0.1%
Non-financial corporations			5,707,242	97.8%	2.0%	0.2%
<b>Total loans and advances</b>	<b>30,664</b>		<b>5,794,119</b>	<b>97.9%</b>	<b>1.9%</b>	<b>0.2%</b>

## Prudent risk profile

In these extraordinary circumstances, the Group is sticking to its principles and risk appetite levels, and is maintaining a prudent risk profile. Risk management is one of the cornerstones of Bankinter's 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.** To maximise its long-term value, Bankinter carries out its business activities with a prudent risk profile, pursuing a stable balance sheet and a recurring and sound income statement.

**Risk management principles.** The risk appetite and tolerance assumed by the Group are consistent with the following principles:

- Prudent strategies, policies, organisation and management systems adjusted to the size, environment and complexity of the Group's activities, based on quality banking practices.
- The Bank respects and complies with established requirements, limits and regulatory restrictions, ensuring compliance with prevailing legislation at all times.
- Maintenance of low or moderate exposure to credit risk with a non-performing loan ratio in the lowest range for the Spanish financial system.
- Appropriate cover for problem assets.
- Returns on the capital invested are adequate to ensure minimum levels of return over the risk-free rate are maintained throughout the cycle.
- Maintenance of a low level of market risk, so that the losses generated in stress scenarios have limited impact on the Bank's income statement.

- Growth in the priority strategic SME segments.
- Balance in the loan book between individuals and legal entities.
- Balanced growth in retail funds.
- Diversification of wholesale funding sources by instruments and markets, and maintenance a balanced maturity schedule.
- Optimisation of retail funding costs, maintaining a balance between returns on lending and market interest rates.
- Use of a risk diversification policy to avoid excessive concentration levels that might translate into difficulties for the Bank.
- Limits on activities in sensitive industries that might pose a risk to the Bank's sustainability, such as industries associated with development or construction, or that might have a negative impact on its reputation or respectability.
- Moderate appetite for interest rate risk.
- A very small structural position in foreign currencies.
- Strengthened control of the Bank's reputational positioning (e.g. good corporate governance, systemic risks).
- Determination to complete the level of services Bankinter offers to 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 through both dividends and increase in share price, all underpinned by a strong capital and liquidity base.
- Maintenance of a Common Equity Tier 1 (CET1) ratio within the fluctuation band set by the Group, above minimum regulatory requirements. Bankinter also has a Corporate Governance model that is in line with the most demanding supervisory standards. To stimulate and reaffirm its sound risk culture, it has a highly qualified team supported by advanced information systems.

For yet another year, credit risk at Bankinter continued to show moderate growth.

# Credit risk

## Contained NPL ratio, provisions on the rise

Credit risk is the possibility of loss resulting from a borrower's failure to meet its contractual obligations. Trends in credit risk are shaped by the economic and financial environment.

In the context of the health and economic crisis caused by the pandemic, Bankinter

has worked hard to make credit solutions to alleviate its customers' financial situation. For yet another year, credit risk at Bankinter continued to show moderate growth. Loans and advances to customers at amortised cost grew 6.7% and eligible exposures (which include signature risks) increased 6.3%.

### Asset quality – Credit risk

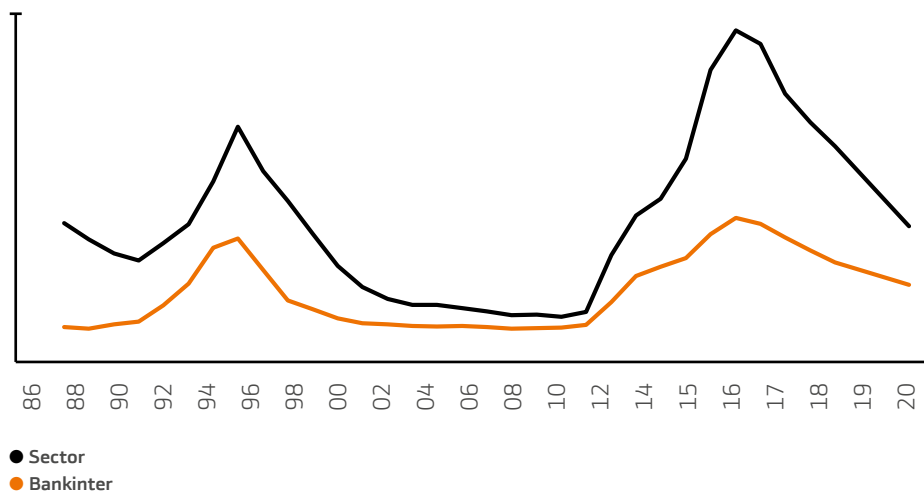
Thousands of euros	31.12.2020	31.12.2019	Change	%Change
<b>Eligible exposures</b>	<b>71,243,941</b>	<b>67,008,172</b>	<b>4,235,769</b>	<b>6.3%</b>
Stage 1 (Performing loans)	67,933,648	63,714,204	4,219,444	6.6%
Stage 2 (Underperforming exposures)	1,625,086	1,612,378	12,708	0.8%
Stage 3 (Non-performing exposures)	1,685,207	1,681,590	3,617	0.2%
<b>Credit risk allowances and provisions</b>	<b>1,020,270</b>	<b>814,329</b>	<b>205,941</b>	<b>25.3%</b>
Stage 1 (Performing loans)	212,511	155,267	57,244	36.9%
Stage 2 (Underperforming exposures)	69,430	70,563	-1,133	-1.6%
Stage 3 (Non-performing exposures)	738,329	588,499	149,830	25.5%
Non-performing loan ratio (%)	2.37%	2.51%	-0.14%	-5.7%
Non-performing loan coverage ratio (%)	60.54%	48.43%	12.12%	25.0%
<b>Foreclosed assets</b>	<b>227,145</b>	<b>290,710</b>	<b>(63,564)</b>	<b>-21.9%</b>
Provision for foreclosed assets	110,241	129,231	-18,990	-14.7%
Foreclosure coverage (%)	48.53%	44.45%	4.08%	9.2%

Underperforming loans and non-performing exposures have remained stable (+0.8% and +0.2% respectively). The non-performing loans ratio decreased to 2.37%, down 5.7% in the financial year. This is 53% of the sector average (4.51% according to Banco de España data from December 2020).

Provisions for credit risk increased 25.3% in anticipation of the future effects of the pandemic.

The balance of foreclosed assets decreased by 21.9% in the year to 227 million euros at 31 December 2020, equal to 0.3% of total credit risk.

### Changes in the NPL ratio (%) – Spain



● Sector  
● Bankinter

Source: Banco de España, December 2020 for industry figure.

### Distribution of the portfolio

The portfolio's most important features by internal business segment (eligible exposures) are as follows:

**Individuals.** Lending to individuals increased by 1.6% in 2020. Private Banking was the most dynamic segment, while individual financing and consumer credit contracted slightly due to the effect of the health crisis. The temporary halt to mortgage activity affected the individual segment, and the reduction in demand and risk appetite also had a negative impact on consumer credit. The individual lending portfolio totalled 29,788 million euros at year-end, with an NPL ratio of 2.2%.

The residential mortgage loan book for individuals showed a loan-to-value (the ratio between the loan amount and the value of the mortgaged asset) ratio of 57% at the close of 2020, with 87% of the loans secured by the borrower's primary residence. The non-performing loan ratio was 1.9%. The average effort (the proportion of income that the customer allocates to paying mortgage loan instalments) remained extremely low (23%).

Consumer finance, operated in Spain through

Bankinter Consumer Finance and in Ireland through Avantcard, grew by 1.2% to 2.621 billion euros in the year, with 3.68% 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.** All segments of legal entities saw a significant increase in credit as a result of the support measures for companies approved to mitigate the effects of the health crisis. Credit risk in Corporate Banking grew by 9.2% to 17.284 billion euros – an NPL ratio of 0.65%. In this segment, where the business activities are more international and less exposed to Spain's economic cycle, Bankinter boasts a solid competitive position based on specialisation, KYC, flexibility and quality of service.

**Small- and medium-sized enterprises.** The SMEs Retail Banking (small and medium-size enterprises) segment grew by 11.62%, ending the year with a loan book of 14,734 million euros and an NPL ratio of 5.1%. The Bank uses automated decision-making models to manage this segment, along with centralised teams of highly-experienced risk analysts.

**Portugal.** Bankinter Portugal's loan book contributed 6.995 billion euros of exposures to the balance sheet, an increase of 7.2% in the year, and an NPL ratio of 2.41%.

## Risk measurement models

Bankinter has used internal models as a tool for supporting its decisions regarding credit risk since the 90s. These models enable the Bank to assess the credit quality or solvency of transactions and customers, providing quantitative measurements of their credit risk. These models are mainly used to support approvals, set prices, quantify the coverage for impairment or provisions, estimate regulatory capital, monitor loan books, support recovery and facilitate active management of the loan books' risk profile.

Internal rating models provide standardised classes of solvency that group together customers/transactions with comparable probability of default. They are calibrated to assess expected and unexpected losses. These metrics are essential for managing and monitoring credit risk at Bankinter.

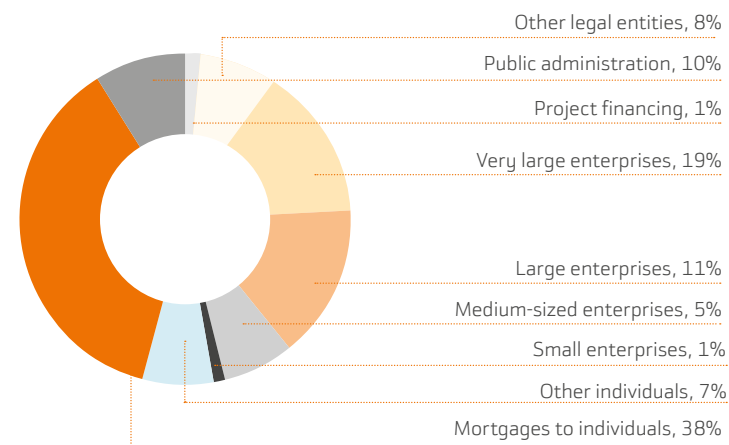
Bankinter has rating models both for retail segments (mortgages, consumer spending, SMEs and so on) and wholesale segments, such as Corporate Banking. These statistical

models are developed using customer, operational and macroeconomic information, combined in the wholesale segment with expert analysis. The models are updated and monitored on a regular basis to ensure their power of discrimination, stability and accuracy under a strict governance structure. The models and the executive risk committees are responsible for approving Bankinter's models. The risk committee also receives information periodically on the status and monitoring of these models.

The distribution of exposure at default (EAD) by internal segments or categories is shown below. 79% of the exposure with the public bodies corresponds to operations covered with an ICO guarantee under ICO-COVID and similar lines.

Additionally, the Bank is making progress in applying advanced analytics models to different credit risk management processes, such as monitoring, anticipation and recovery.

## Exposure at default distribution according to internal categories





During 2020, the Bank's liquidity position improved significantly due to the positive performance of the gap commercial.

# Structural and market risks

## Abundant supply of liquidity

From the viewpoint of structural and market risks, 2020, like 2019, was characterised by low inflation in the main economies and by the actions of central banks, which provided plenty of liquidity and intervened in the public debt markets. In certain markets, systematic purchases public debt by central banks triggered 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 14.2%/-3.2%, 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 both under normal market conditions and simulating different scenarios of liquidity needs that could arise from different business conditions or changes in market conditions. 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 2020, the entity's liquidity position improved significantly due to the positive performance of the commercial gap (the difference between investment and customer funds). For the first time in recent history, the figure for customer funds was above 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 2020, the LCR ratio stood at 198.1%, compared to 153.7% at

the end of 2019, with an annual average of around 177%.

The liquidity ratio, the NSFR, which measures the proportion of long-term assets funded by stable funding, stood at 133.0%, up from 123.4% in 2019. 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 2020.

#### 2020 VaR trading

Millions of euros	Last
VaR – Interest rate	1.23
VaR – Equities	0.85
VaR – Exchange rate	0.11
VaR – Volatility rate	0.82
<b>Total VaR</b>	<b>2.09</b>

Moreover, the VaR of the portfolio positions of Línea Directa Aseguradora are monitored monthly using the historical simulation methodology. The VaR of the Línea Directa portfolio at 31 December was 3.30 million euros. The risk that may be incurred by the subsidiary Bankinter Luxembourg is also monitored. Using this same method, the VaR for 2020 was estimated at 0.93 million euros.



# Operational risk

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## Best management practices

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.

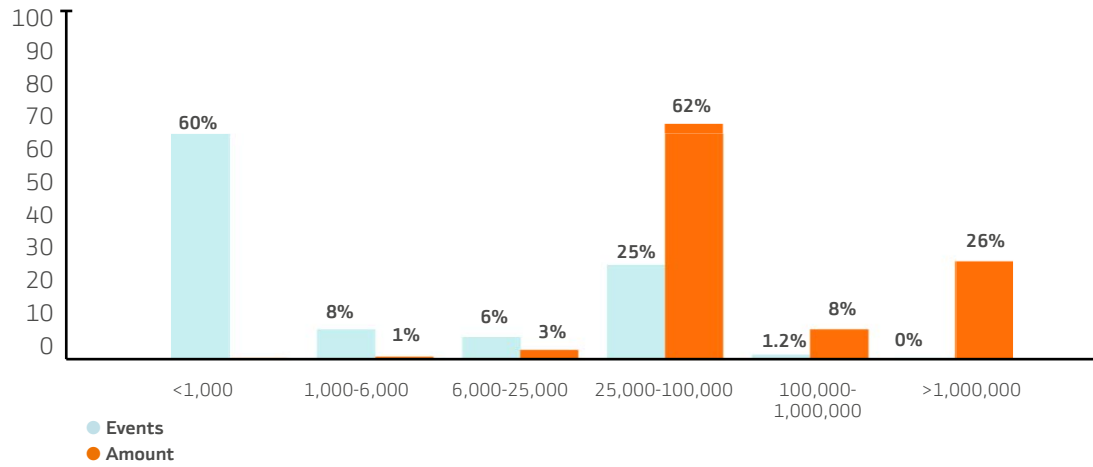
Bankinter's operational risk management model is the 'standardised approach' according to prevailing solvency regulations. This method requires the existence of systems for identifying, measuring and managing operational risks with prior authorisation by Banco de España and an annual audit. Bankinter 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.

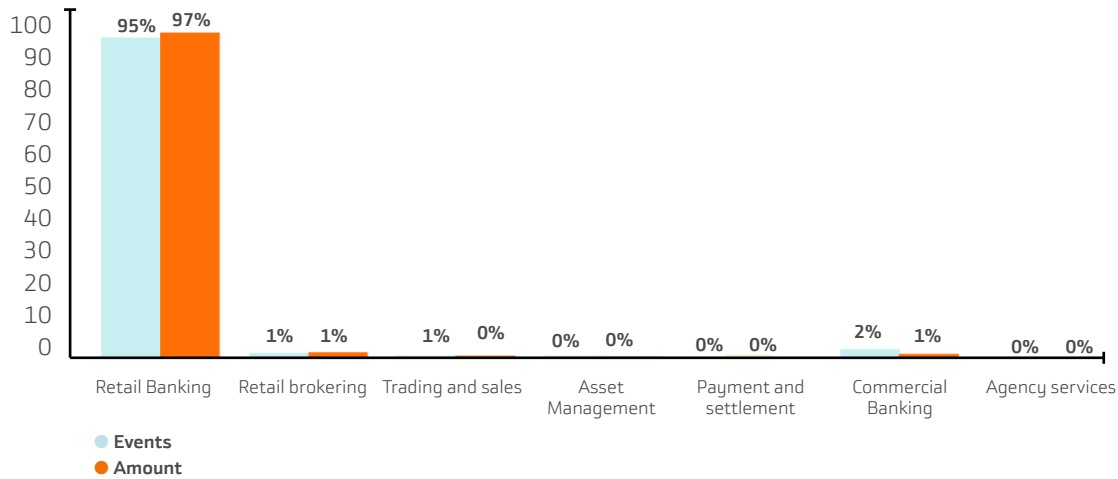
With regard to the year's loss events, Bankinter's operational risk profile is summarised in the charts on the next page.

\*More detailed information on these risks can be found in the Prudential Relevance Report, in the Group's Consolidated Legal Report and the Annual Corporate Governance Report.

Percentage breakdown by amount intervals



Percentage breakdown by line of business



**0** More detailed information on these risks can be found in the Prudential Relevance Report, in the Group's Consolidated Legal Report and the Annual Corporate Governance Report.

Bankinter's operational risk management model is the 'standardised approach' in accordance with prevailing solvency regulations.



All employees are responsible for safeguarding Bankinter's reputation, guided by a number of professional conduct and ethics manuals.

# Reputational risk

## Responsibility of all employees

Reputational risk arises when the expectations of stakeholders (e.g. customers, shareholders, employees, investors) 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.

All employees are responsible for safeguarding the Bank'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.

The Bank made several improvements to the management model over the course of 2020. Bankinter updated the stakeholder map and the repertoire of reputational risk events, and developed a global indicator for exposure to reputational risk.

The key to managing these risks lies on their prevention, identifying and controlling them proactively to reduce their probability of occurrence and mitigate 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 Bank in conventional and social media, in addition to an active listening strategy 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.



The purpose of the compliance function is to assess and provide guidelines for the lines of business that help define its strategy.

# Regulatory compliance

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## An ethical commitment to adapt the business

The Bank must achieve its business objectives while complying not only with regulations, but also the best practices and standards required of its operations. This issue therefore represents not only a legal obligation for Bankinter, but also an ethical commitment.

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 with the entry into force, as a result of the economic and financial crisis, of several highly complex regulations and the launch of the new supervisory architecture, obliging the Bank to strengthen its available resources.

### Purpose

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 purpose, all areas in the compliance functions go to great lengths to train commercial staff.

The regulatory compliance function is integrated within Bankinter through an internal institutional framework. In 2020, the chief regulatory compliance and corporate governance officer reported to the audit and regulatory compliance committee of Bankinter's board of directors. They were attached to the office of the Bank's Office of the General Secretary, through which it is integrated with the rest of the organisation, thereby guaranteeing close cooperation with the rest of the senior management areas, especially the Risk area, and the Legal department, within all their areas of authority.

In particular, it serves on the following bodies of the Bank:

- **Regulatory compliance committee.** This is the senior management body that monitors the Bank's compliance policies according to the by-laws of the Regulatory Compliance function. The committee executes the policies in relation to the regulatory and regulatory compliance matters that are established by the audit and regulatory compliance committee of the board of directors.
- **The products committee.** This committee approves the launch, modification or cancellation of products and services offered to customers. In 2019, new approval and review procedures for the Group's products and services were included in the internal rules and regulations. The objective, in addition to complying with the regulatory requirements, is to ensure that the products and services are directed at the right target audience and that they offer sufficient quality and control guarantees.
- **The internal control body.** This body is responsible for approval of and compliance with anti-money laundering and terrorist financing policies and procedures, in accordance with Law 10/2010 and its regulatory implementation.

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, damages or cancellation of contracts, thereby hurting the Bank's image.

On 16 December 2020, Bankinter's board of directors, through its appointments and corporate governance committee, was informed of the decision to create, within the Bank's organisation, a new Control and Compliance Department that integrates the areas in charge of the following second lines of control: i) Risk Control, ii) Financial Control, iii) Network Operations Control, and iv) Regulatory Compliance and Anti-Money Laundering.

The aims of this decision are to standardise the information systems in all of these second-level control areas, provide a single risk map, and guarantee greater and better control by ensuring more interaction with the areas. This will deliver greater efficiency and optimise resources, as well as providing this second line of control with the necessary independence to carry out its duties in line with best practices in this area. The decision is effective since 1 January 2021.

## Regulatory map

In 2018, the Bankinter Group assigned the management of regulatory change competencies to the Regulatory Compliance Division through the Regulation area. This decision was ratified throughout 2019, facilitating the early detection of the possible impact of regulatory changes and reducing the corresponding risks. Therefore, the Regulation area drew up a three-year regulatory map that serves as the basis for the regulatory strategy. The management of the regulatory change was carried out transversally throughout the year, participating in different projects that required the adaptation of Group activities or processes. These include the new regulation on basic payment accounts, the Real Estate Credit Act, the regulation governing transparency in payment services and cross-border payments with foreign exchange, prevention of money laundering, and other changes in the area of insurance, outsourcing and advertising for banking products and services.

The entry into force in 2019 of the rules for transposing the MiFID II directive stands out. This was instrumented as an amendment to Regulation 217/2008 on investment service firms, which required the Group to seek advice on the adaptation work, analysis and decisions. The deployment of the PSD2 payment service regulation required changes to be made in processes and technologies to ensure the protection and security of the transactions, and their users.

In another area of activity, Bankinter's adaptation to the new Real Estate Credit Act should be noted, which strengthened customer protection in relation to credits for the acquisition of residential property. Regulatory Compliance also played a direct role in the adaptation to the new obligations, not only with regard to customers but also in the accreditation of personnel directly involved in providing the service.

Another major regulatory change derived from the Regulation of Benchmark Indices, which includes changes to the indices (transition from Eonia to Ester, new Euribor methodology and different IBOR substitutions).

The Regulatory Compliance unit took part in the project to adapt to the new regulations included in the legislative package of the European Commission's Sustainable Finance Action Plan, which aims to strengthen the role of finance to build an economy that allows environmental and social objectives to be achieved.

Beyond purely regulatory changes, the growing supervisory and interpretation activity with regard to recently implemented rules, such as MiFID II and PRIIPS, stands out.

## Two main areas

Under this regulatory and institutional framework, the Bank developed the two basic areas of the compliance function in 2020:

- **Control and advisory tasks in the area of regulatory compliance for investment products.** 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.
- **Prevention of money laundering and terrorist financing.** 2020 featured reinforcement of control frameworks in terms of both KYC (know your customer) and controls applying to international financial sanctions and correspondent banking, as well as those associated with due diligence and customer operations.

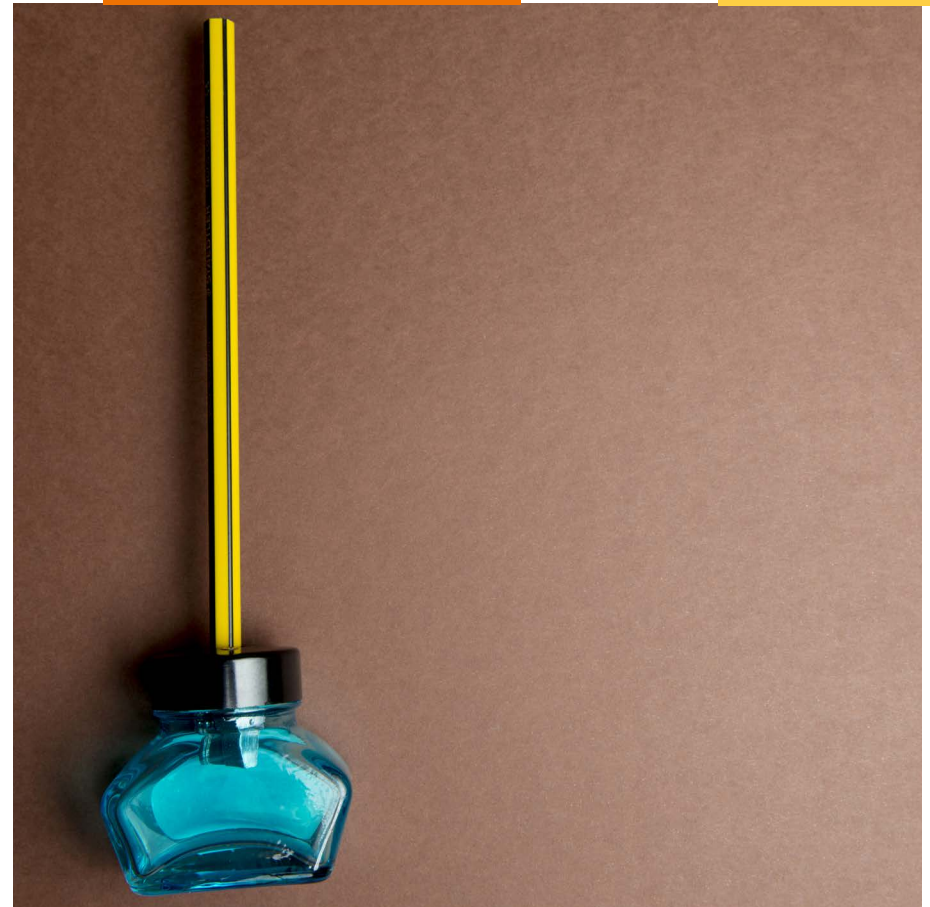
The Money Laundering Prevention area, which is part of the Control and Compliance Unit, is responsible for ensuring compliance with the Bank's policies and procedures for preventing money laundering and terrorist financing. Its aim is to guarantee adequate coverage of the risks arising from money laundering and terrorist financing, complying with all related legislation.

Preventing these practices is a strategic objective for Bankinter Group and an ethical commitment to society at large, reflected in compliance with international standards and best practices in the area. In line with this objective, in 2020 Bankinter and its subsidiaries continued to develop the control measures needed to comply with the regulations. It implemented an AML/CTF risk map, defined the AML/CTF risk appetite framework aligned with the Bank's framework and the IT tools for this function.

The current state of affairs caused by COVID has led to the approval and publication of reports and guides to identify risks and changes in customer behaviour and criminal activity involving money laundering and terrorism financing (such as the counterfeiting of pharmaceutical and medical products, cybercrime, investment fraud, etc.) as a result of the pandemic, in addition to assessing its impact on the fight against AML/CTF offences and the measures implemented. The second-line of defence control activities were reviewed for some processes.

Since 2019 the Regulatory Compliance area has become established in Bankinter Group following the implementation of a common compliance culture and methodology across all Group companies for regulatory compliance, regulatory risk management, product governance and anti-money laundering.

The Money Laundering Prevention area, which is part of the Control and Compliance Unit, is responsible for ensuring compliance with the Bank's policies and procedures for preventing money laundering and terrorist financing.





## Outlook

The main focus of attention in 2021 will be the Sustainable Finance legislative package, with the level 2 regulatory developments expected to see the light of day. Bankinter Group is committed to and supports this legislative package, which will strengthen Europe's resilience.

We will also see flexibility in some aspects of the Markets in Financial Instruments Directive, resulting from its modification as a result of the Quick Fix in response to the COVID-19 pandemic.

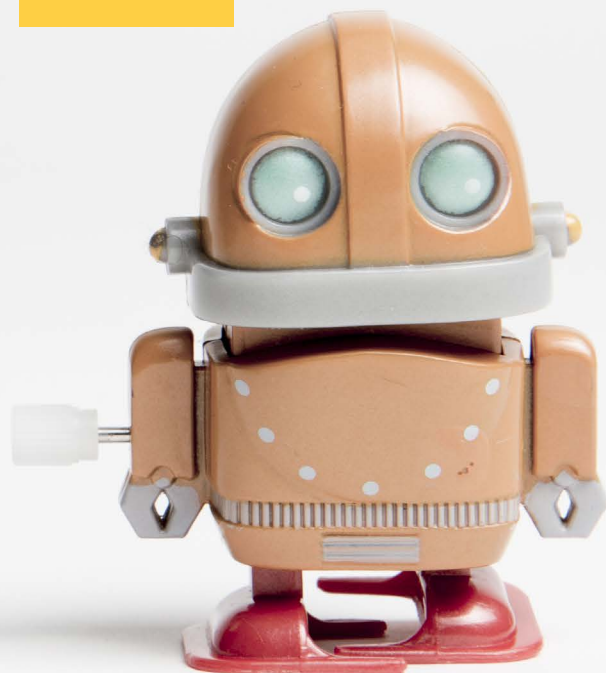
The ending of LIBOR at the end of 2021 will also require special attention. This year will also see completion of the Bank's adaptation to the regulations on advertising for banking services and products. The company must also adapt to the regulatory framework deriving from the transposition of Directive 2017/828, as regards the encouragement of long-term shareholder engagement, and Directive 2015/849 on the prevention of the use of the financial system for money laundering and terrorist financing. Management of the coordinated control of the second lines of defence will also be developed and the design of a definitive model will be completed. This will allow the integration of a process for updating the due diligence on customers at all risk levels, according to the schedule established for this.

Other regulatory requirements planned for 2021 include the ESMA guidelines on the requirements of the regulatory compliance function under MiFID II, as a crucial unit for the identification, evaluation, supervision and reporting of entities' compliance risk. This function is strengthened under MiFID II, as this reduces compliance risk while making it easier for the competent authorities to exercise their powers in an effective way. The position of this function in the entities will be reinforced by the clear establishment of its control, analysis and advisory powers, the requirements of the organisational structure, and by its competences, knowledge, skills and authority.

The inclusion by the EBA of money laundering risk in the SREP guidelines at the end of 2021 will also be significant. This was anticipated in the expectations addressed to prudential supervisors at the end of 2020, encouraging them to use key monitoring indicators obtained from the information disclosed by entities for prudential reasons, and to review and consider potential indicators of weaknesses in the prevention of money laundering due to weaknesses or operational, credit, financing or liquidity risks.



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.



# Information Security

## Advanced technology against a growing threat

Information security is a great priority at Bankinter. In this sense, in 2020, projects were carried out under the Information Security Director Plan, which has been extended to 2022. The aim is to guarantee high levels of confidentiality, integrity and availability for customers, employees, shareholders and suppliers.

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.

## A stronger model

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 is made up of 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.

Based on this reinforced risk structure, in 2019, Bankinter embarked on a series of more complex projects, using advanced technology, with a focus on protection for mail, browsing, final data for users and above all suppliers.

In 2020, Bankinter decided that the Information Security area was to report to the management committee, thus stressing and giving importance to matters that are causing so much damage in today's digital society.

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 or telephone calls. The aim is to discover their reaction in situations that can be exploited by cybercriminals. The awareness-raising exercise includes external staff.

**The activity of the area is completed by the development of awareness plans for users, who are the weakest link in the security chain.**

## New system for 2021

One of the key objectives for 2021 is the implementation of an adaptive security system, which will offer five advantages: improved experience (customers will not have to sign for many transactions), improved security following the implementation of the know your customer process, an image of innovation in the field of cybersecurity (leaders in a complete system), regulatory compliance (PSD2 directive) and cost savings (reduction of SMS and other processes).

# Innovation



2020 INTEGRATED  
ANNUAL REPORT



The health crisis acted as an accelerator for the Bank's digitisation, as it did in society as a whole, and helped to complete the new framework for customer relations.

# Digital banking

## The pandemic, another boost to the Bank's digitalisation

Bankinter's performance in digital banking in 2020 was greatly affected by the health crisis and, in particular, by the declaration of a state of emergency. The latter made it necessary to provide the necessary tools so that all the Bank's employees could work from home, practically overnight.

The same happened to remote channel use by customers, which skyrocketed as a result of the mobility restrictions imposed by the Spanish authorities from March to curb the spread of the coronavirus.

One of the year's greatest challenges consisted in processing the ICO/CESCE loans, to alleviate the economic effects of the pandemic, in just over two months and for a volume equivalent to that which is managed under normal conditions for a whole year. Teams had to be reorganised and specific training given in record time, although the key factor for success was the dedication of the Bank's professionals.

### Acceleration

The health crisis acted as an accelerator for the Bank's digitisation, just as it happened in society as a whole, and helped to complete the new framework for customer relations, increasingly characterised by self-service and the freeing up of dedicated resources to advise, either in person or remotely.

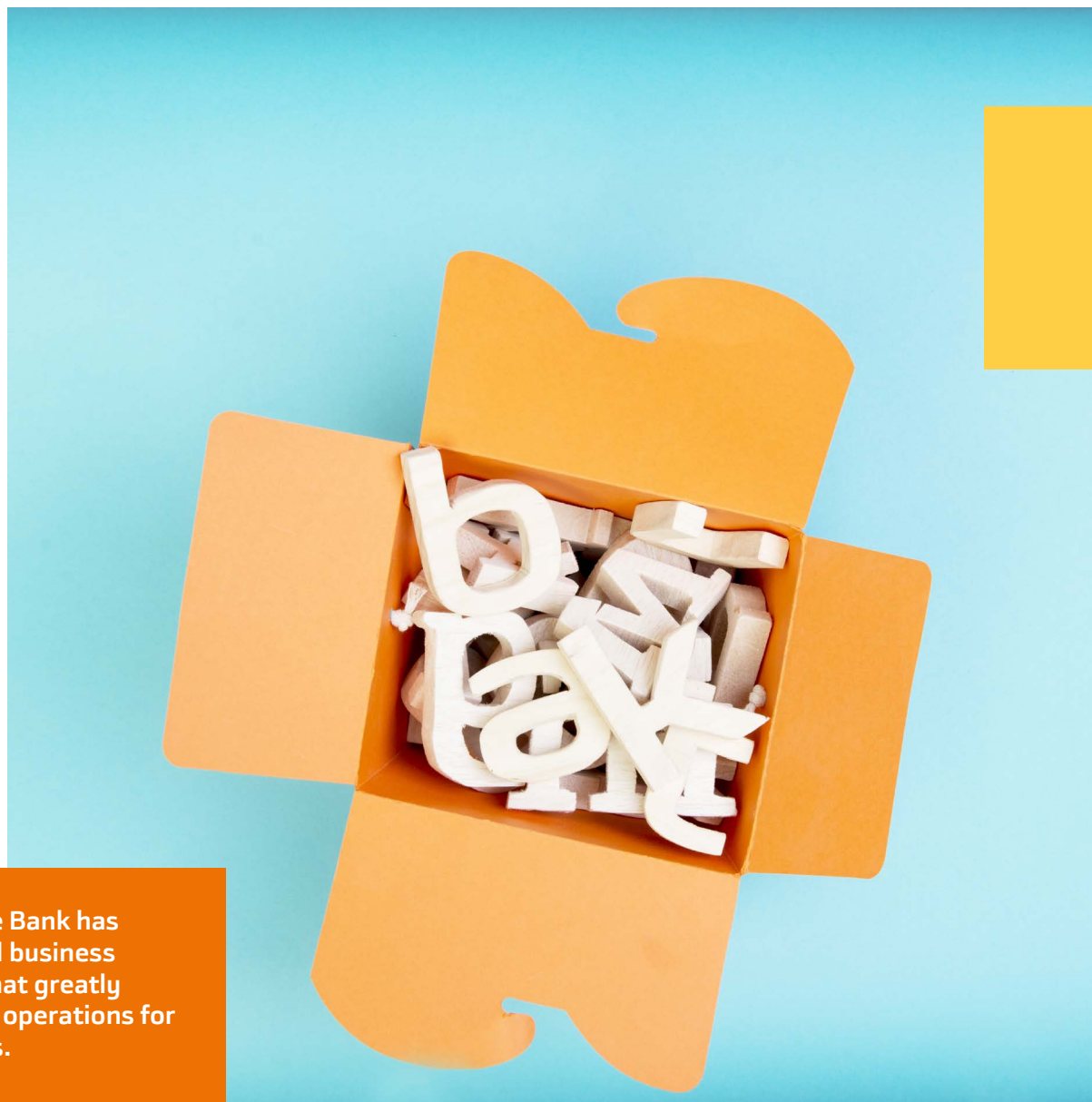
The urgent need to face the demands derived from the coronavirus affected, naturally, Bankinter's 2020 pre-COVID objectives set for digital banking. But the Bank was able to meet them anyway, and without significant delays.

As a result, the Bank now has a powerful business website, which greatly facilitates operations with customers. The digitisation of business processes has been further developed, and a new adaptive security architecture has begun to be implemented, more comfortable and with greater guarantees.

To support the risk department, last year Bankinter undertook a redesign of the approval processes, especially the manuals. With regard to regulatory compliance, the Bank took new steps towards optimising and digitising the updating of proceedings aimed at preventing money laundering.

This meant it was possible to improve process efficiency and the perception of the Bank, although there is still a long way to go in terms of robotisation of operations, customer profiling or digital advice, among other aspects.

**Today, the Bank has a powerful business website that greatly facilitates operations for customers.**



# Bankinter Innovation Foundation

## Innovate to create wealth

The mission of the Bankinter Innovation Foundation is to promote the creation of sustainable wealth in Spain and Portugal through innovation and entrepreneurship. To achieve this goal, the Foundation is implementing the following programmes:

- **Future Trends Forum, an international** think tank where experts from around the world identify and analyse innovative trends that will affect our society of tomorrow.
- **Startups**, a programme aimed at promoting the development of the entrepreneurial ecosystem through investment and support.
- **Akademia**, a training platform bringing experience of innovation to universities.
- **CRE100DO**, a business transformation programme to foment the growth of the middle market in Spain. This programme was created in 2014, in collaboration with ICEX and the Círculo de Empresarios, and in 2019 evolved into the CRE100DO Foundation.

One of the main features of the Bankinter Innovation Foundation is the composition of its board of trustees. This is formed by 21 world experts in innovation from the business world, the public sector and academia.

fundación  
innovación  
bankinter.

### Bankinter Foundation board of trustees

Name	Surname	Nationality
Jose M <sup>a</sup>	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
M <sup>a</sup> 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	Belgium
Wilfried	Vanhonacker	Belgium

## Future Trends Forum

The Future Trends Forum (FTF) this is the only multidisciplinary and international think tank focused on innovation. Comprising 664 experts, the FTF anticipates and detects innovation trends, analysing their impact on society and future business models. It has been recognised for the ninth year running as the best think tank specialised in science and technology in Spain and ranks 31st in the University of Pennsylvania's Global Go To Think Tank index.

Among the new additions in 2020, the following experts stand out: Mark Post, CSO at Mosa Meat, Renée A. Vassilos, agricultural economist, Ethan Zuckerman, Director of the Institute for Digital Public Infrastructure at the University of Massachusetts Amherst, and Tricia Wang, co-founder of Sudden Compass.

During 2020, the FTF team demonstrated astonishing flexibility and speed in designing and delivering a new virtual FTF experience in response to the pandemic. The results of the first FTF in this new format were very positive with a perceived quality of 4.4/5 by the experts. Future Trends Forum analysed the trends in innovation that it believes will have the greatest influence in the near future. They are as follows:

### Food of the future

How will we feed ourselves in a few years, when they are 10 billion of us? Will there be a change in food as radical as the ones we are seeing in communications, the way we work or the way we interact?

Will we consume eggs without chickens, milk without cows, tomatoes without a garden?

The experts of the Future Trends Forum answer these questions, from how to achieve the UN Sustainable Development Goals to what role epigenetics plays in food, through the most interesting innovations of Foodtech, such as cellular agriculture and the necessary leadership in the sector.

<https://www.fundacionbankinter.org/ftf/tendencias/futuro-comida>

### Trust and digital society

In the new digital age, there is an erosion of trust in all areas of business and society. How to create trust? How to maintain it? How to increase it? Even more difficult, how to regain it if we have lost it?

The report with the conclusions of this analysis will be published in the first quarter of 2021.

Other very topical issues have been discussed through a series of webinars with experts from the Future Trends Forum.

### Neuroscience

Driven by new technologies, information about the brain is growing at an unprecedented rate. Neuroscience is mapping the connections within the brain, observing behaviours, simulations, or revisiting mental models. The Future Trends Forum has detected the main areas of work in neuroscience and debated how neuroscience will help us to know ourselves better, improve our intellectual capacities, heal diseases or the possibility of connecting our brain with machines.

<https://www.fundacionbankinter.org/ftf/tendencias/neurociencia>

### Innovation and COVID

The Foundation has asked its experts about the most relevant aspects to consider in order to understand and combat the crisis caused by COVID-19 and, in turn, the opportunities that will arise.

In the report Innovation: the opportunity in times of Covid-19, you can find the results of the survey on the most relevant aspects of the impact of the COVID-19 crisis and a series of conclusions that are also drawn as recommendations to deal with this crisis in the best possible way.

<https://www.fundacionbankinter.org/ftf/innovacion-covid19>

### Artificial intelligence

Artificial intelligence has been analysed from various angles: technological development and the capacities and impacts it will have on our lives in the next ten years. Experts have identified the challenges and opportunities posed by this trend for society and above all for our businesses.

<https://www.fundacionbankinter.org/ftf/tendencias/inteligencia-artificial>

In 2020, work continued to update the content of past trends analysed by the Future Trends Forum to observe how they have developed and whether the challenges identified have materialised. As of today, the trends 'The future of money', 'Internet of things', 'Cloud Computing', 'Disruptive cities', 'Longevity' and 'Digital Health' have been updated.

In total, 20 online events were held on various trends, involving 20,903 people around the world, compared to 925 in 2019.

In 2020, the FTF Spanish Council was created, a group made up of people related to innovation, entrepreneurship and new technologies, which will advise the forum on the issues of greatest impact for Spain.



## Startups

The Startups programme supports entrepreneurs as one of the main levers for boosting innovation in Spain. A joint investment programme is being developed between Bankinter Venture Capital and the Bankinter Innovation Foundation, called the Venture Capital Programme. This programme focuses on identifying and investing in high-potential startups with the Bank's funds, through Bankinter Venture Capital.

The 'Venture Capital Programme' invests in startups with a presence in the countries where Bankinter operates, irrespective of the sector (with the exception of biotechnology), and providing they have a scalable business model and a technological base. Initially, a ticket between 50 and 250 thousand euros is invested in the first phases (seed) in companies with valuations of up to €4mn, always co-investing with other players in the ecosystem. As requirements for investment, the startup must have launched its product to the market (or at least a Minimum Viable Product or MVP) and begin to have some metrics. Due to the investment model used, it is possible to continue investing in successive rounds of the company without a maximum stipulated per company.

Since its creation in 2013, the programme has invested in 41 startups, adding three new companies to the portfolio in 2020 such as Kokoro Kids, a pioneering mobile app in the Edtech field for children, whose objective is to promote the development of cognitive and emotional skills among children from 2 to 6 years.

The programme had analysed 3,287 projects by 2020, with an investment rate of 1.25%. In 2020, 464 projects were assessed, with an investment rate of 0.65%.

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.

In 2020, as a result of the pandemic, the Foundation organised all open editions for the first time. The events were organised through an online tool in webinar format.

Six meetings of this nature were held, with the participation of: Ramón Blanco, CEO and co-founder of Bewater Funds, co-founder and director of Indexa Capital; David Conde, CEO and co-founder of Coinscrap; Philippe Gelis, CEO and co-founder of Kantox; Pablo Viguera, CEO and founder of Belvo; Jaime Rodríguez de Santiago, General Manager for Spain at FREE NOW; Gerard Olivé, Co-Founder & Co-CEO of Antai Venture Builder.

The Programme also created the Startup Observatory in 2020: This initiative offers transparency and visibility of the state of investment in Spain in almost real time, through an interactive tool. In addition, quarterly and annual reports are prepared to present its progress and main trends. During 2020, there were 13,204 visits to the Observatory.

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

## Akademia

Akademia is a programme focused on communicating innovation experience to Spanish university students. With a face-to-face programme that, before the pandemic, consisted of nine sessions, led by a leading expert in their sector, the objective is to help students understand the opportunities of the future and put into practice the knowledge acquired, regardless of the discipline they study.

In the 2019-2020 academic year, the Akademia programme was run at nine Spanish universities. Santiago de Compostela, Deusto, Salamanca, Pompeu Fabra, Barcelona, Carlos III, Pontificia de Comillas, Politécnica de Valencia and Loyola Andalucía. The course was attended by 146 students and it had a recommendation rate of 99%, two percentage points higher than in the previous year.

Students also worked in teams to create innovative projects to compete for an incubation scholarship on the Bridge for Billions entrepreneurship platform. In 2019-2020, the programme's students presented their innovation projects and the winner was HALIA, from the Politécnica de Valencia.

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.

Due to the pandemic, the activities scheduled during the 2019-2020 edition transitioned to virtual format. The adaptability of both the students and the experts who are part of the Akademia programme made it possible to complete the course successfully.

Given current uncertainty, a digital native programme has been designed for the new 2020-2021 edition, where students from the nine universities choose the schedule that best suits their needs. The Akademia programme is thus able to connect students from different universities, who interact with innovation experts through eight sessions, 100% online.





<https://www.cre100do.org/fundacion/>  
<https://www.cre100do.org/programa/>

## CRE100DO Foundation

Cre100DO is a foundation that promotes business excellence by grouping outstanding companies in the Spanish middle market in order to stimulate their growth and cooperation, boosting growth in the Spanish economy and generating a positive impact on society.

CRE100DO was created in 2014 as a country programme promoted by the Bankinter Innovation Foundation, ICEX and the Círculo de Empresarios. In 2019, after the success of the first five years, it was established as a foundation.

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. Its companies are a role model for smaller enterprises.

Currently, CRE100DO is a community of 118 companies, with a turnover of €16.5bn (equivalent to 1.3% of GDP). They generate 85,000 direct jobs and more than half a million indirect jobs; they are global, since 52% of their turnover comes from abroad; and they have grown 10% in the last three years, three times the national average.

The CRE100DO Foundation appointed a board of trustees in 2019, chaired by Carlos Mira and made up of representatives from founding and collaborating institutions, in addition to CEOs of companies taking part in the programme.

In 2020, CRE100DO had more than 118 participating companies, and the following joined the programme during the year: Adolfo Domínguez (Orense), Ale-Hop (Alicante), Babaria (Valencia), Grenergy (Madrid), Logifashion (Guadalajara), Quesos El Pastor (Zamora), Satec (Asturias), SPB (Valencia), Truck & Wheel (Navarre), Zental (Pontevedra).

In 2020, CRE100DO has carried out a total of 43 activities with investee companies:

- One (1) face-to-face workshop. Activities relating to subjects of interest, involving conferences held by experts and experience sharing initiatives.
- One (1) conference of CEOs in face-to-face format. Meetings with the most senior executives of participating companies to address strategy and global issues.
- 36 virtual monographs. Conferences relating to one subject.
- Five (5) virtual sessions for CRE100DO CEOs.

CRE100DO Foundation estimates that, in 2020, 873 senior executives from participating companies took part in these activities.



## Communication

In 2020, the impact of communication at the Bankinter Innovation Foundation increased in terms of quantity and intensity. The number of followers on social media grew by more than 25% to 34,849, and visits to the website grew more than 2.5 times. More than 30 press appearances have reached a potential audience of more than 9 million.

The Bankinter Innovation Foundation has shown not only resilience, but also anti-fragility, by emerging stronger from the pandemic crisis, multiplying activities, events, repercussions and relevance.

**The Bankinter Innovation Foundation has shown not only resilience, but also anti-fragility, by emerging stronger from the pandemic crisis, multiplying activities, events, repercussions and relevance.**



**CORPORATE  
GOVERNANCE**

**2020 INTEGRATED  
ANNUAL REPORT**





All the Bank's information on corporate governance is detailed in the Annual Corporate Governance Report, approved by the board of directors and published on its corporate website.

# Corporate governance

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## A balanced and independent board of directors

One of Bankinter's priorities is to continue strengthening and improving its corporate governance framework, as it has done over the past few years, in order to meet and overcome the challenges ahead as responsibly and sustainably as possible.

Bankinter's Corporate Governance Policy contains the general principles that underpin the specific corporate policies and internal procedure rules regarding corporate governance. Together, these policies and rules form Bankinter Group's internal corporate governance framework and are mandatory for all group entities as well as their respective governing bodies. Furthermore, it contains the principles that define the Group's corporate structure, as well as the core rules of its internal operations for the implementation of applicable legislation and the best corporate governance practices. The details of the Corporate Governance Policy, in addition to the associated policies (Director Selection and Succession, Suitability and Training Assessment) can be found on

the Bank's corporate website, as well as the annual Corporate Governance Report approved by the board of directors and which contains all information about Bankinter's corporate governance.

Information on the board of directors and its committees, and changes in the composition of these bodies during the year is shown below.

### Composition of the board

Bankinter continued to enhance the composition of its board of directors in 2020 by welcoming a number of new members, illustrating its firm commitment to maintaining a balanced board composition, seeking diversity in terms of skills, experience in Spain and abroad, gender and the number of independent directors.

The main changes in the board of directors in 2020 were as follows:

- Fernando José Francés Pons was appointed independent external director by the annual general meeting in March 2020 (with 98.99% of votes in favour).
- Two members of Bankinter's board of directors completed their 12-year term of office on the board and therefore lost their status as independent directors: Jaime Terceiro Lomba and Gonzalo de la Hoz Lizcano. For this reason, their re-election was not proposed at the annual general meeting held in March 2020.

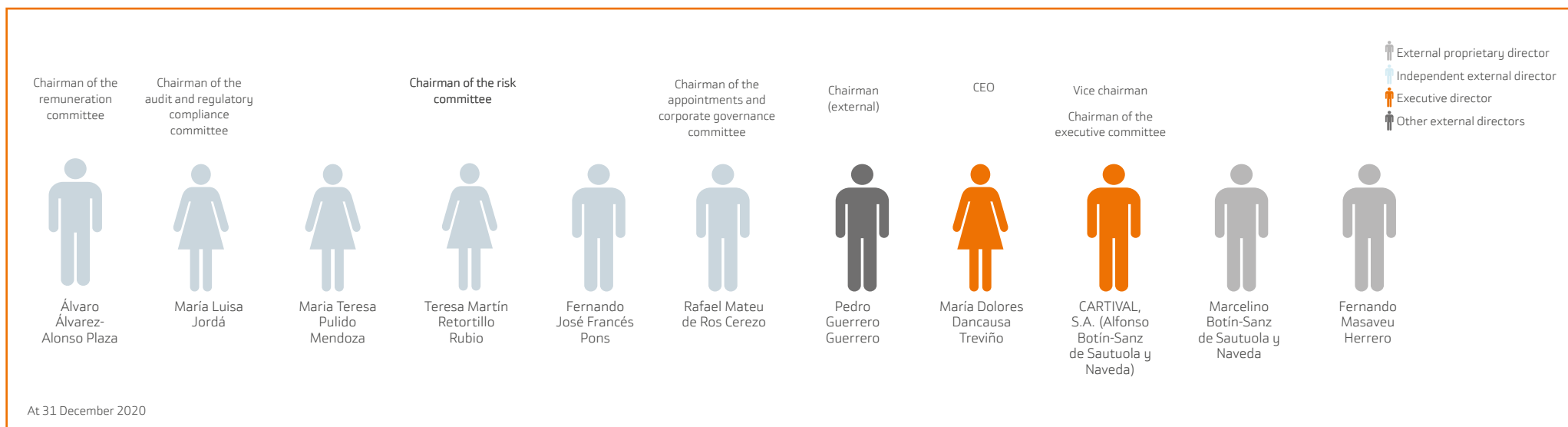
A total of 11 directors now sit on the board of directors, distributed as follows:

- six (6) independent external directors
- two (2) executive directors
- two (2) external proprietary directors
- one (1) 'Other external director'

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

With regard to gender diversity, Bankinter reached the goal of 30% representation on the board of directors for the underrepresented sex in 2015. This target was approved by the board of directors in October 2014, on the recommendation of the appointments and corporate governance committee, together with the guidelines on how to achieve this no later than 2020. Despite having achieved this objective, Bankinter's board of directors continues to apply objective criteria in all selection processes for new members of the board, free of conditioning factors or bias that could limit the access of women to board positions, assessing each candidate's independence, professional standing, capacity and experience in the sector in every case. This is demonstrated by women now accounting for 36.3% of total board membership, with three women acting as independent external directors and one as an executive director and the Company's chief executive.

Following the amendment of recommendation 15 of the Good Governance Code of Listed Companies in 2020, and considering the size of Bankinter's board, the board of directors, on the recommendation of the appointments and corporate governance committee, has agreed on a new target for the representation for women (currently the least represented gender) on the board of 40%, which must be reached before the end of 2022, in line with the aforementioned recommendation. However, the duration of directors' positions at Bankinter was considered in setting this objective. Article 26 of Bankinter's by-laws states that 'Directors shall hold office for four years, though they may be re-elected indefinitely for equal maximum terms of office.' Therefore, the proposal for the appointment of a new female director may only arise at the end of a mandate or when a director resigns or ceases in their position before the end of the term for which they were appointed.



At its meeting on 25 July 2020, the appointments and corporate governance committee began the selection process to fill possible vacancies that may arise due to the loss of independence during 2021, in accordance with Bankinter's director selection and succession policy. After evaluating several candidates, the committee proposed Cristina García-Peri Álvarez as a candidate to the board of directors. Now that the declaration of suitability has been received from the European Central Bank (notified to the Bank on 13 October 2020), the appointment proposal will be submitted to the 2021 annual general meeting.

During this process, the appointments and corporate governance committee sought to ensure a necessary balance of powers, capacity, expertise, diversity and experience on the board of directors, in accordance with the policy on director selection and succession. In doing so, the committee defined the duties and aptitudes required of nominees for the vacancy or vacancies, and assessed the time and commitment required for them to properly discharge their duties: i) gender diversity, ii) experience in business management, iii) international training and experience, iv) strategy skills, v) technological and digital expertise, and vi) medium-/long-term commitment.

In short, the appointments and corporate governance committee has confirmed that the candidate for Company director is a suitable person of good standing and possesses the merits, expertise, experience, qualifications, training, availability and commitment to her function, all of which will contribute great value to the board as a whole.

If the 2021 annual general meeting approves this appointment, along with the rest of the re-elections submitted to it, the percentage of women in Bankinter's board of directors will rise to 45.5%. As happened in 2015, it will reach the 2022 objective before the planned date and will maintain the percentage of independent directors above the recommendations, reaching 54.5%.

**Directors**

**11**

**Term of office**

**4** years

**Independent directors  
on the board of  
directors**

**54.5%**

**Women on the board  
of directors**

**36.4%**



This is a further example of the firm intention shown by Bankinter's board of directors to maintain a suitably balanced board composition, seeking diversity in terms of skills, experience in Spain and abroad, gender and the number of independent directors.

A motion shall also be submitted to the annual general meeting to establish the number of directors at 11, unchanged from last year.

## Separation of powers

Bankinter, in its firm belief in the importance of a balance of power in decision-making processes, has established a clear separation of functions between the non-executive chairman and the chief executive officer.

While Bankinter has separated the two functions, its corporate by-laws and the Rules and Regulations of the Board of Directors allow the appointment of a coordinating or lead director from among its independent directors and of establishing his or her duties and powers. A coordinating director shall be appointed when the chairman of the board of directors is executive. In its current format, the board of directors has not needed to appoint a coordinating director from among its independent directors, with the abstention of the executive directors.

## Committees of the board of directors

The board of directors has created an executive committee with delegated authority. Furthermore, it has a range of committees with supervisory, reporting, advisory and proposal powers. They are as follows at present:

- Audit and regulatory compliance committee
- Risk committee
- Remuneration committee
- Appointments and corporate governance committee

The Rules and Regulations of the Board of Directors defines the functions and powers designated to each committee. Also, in 2019, the board of directors approved specific regulations for the audit and regulatory compliance committee, and in 2020 the regulations of the remuneration committee and the appointments and corporate governance committee, following the regulator's recommendations and to provide them with greater operating independence. These regulations are available on the Company's corporate website.

The board of directors has pledged to continue strengthening the composition and performance of its committees so that they may better support the board in their respective spheres of influence, in accordance with national and international best practices. With this objective in mind, the board made the following changes to the composition of its committees in 2020:

Committee	Appointments			
	Director		Date of board resolution approving the appointment	Experience and knowledge gained
<b>Audit and regulatory compliance committee</b>	María Luisa Jordá Castro	Chair	26.03.2020	Audit
	Álvaro Álvarez-Alonso Plaza	Member	26.03.2020	Banking
<b>Risk committee</b>	Teresa Martín-Retortillo Rubio	Chair	26.03.2020	Finance
	Álvaro Álvarez-Alonso Plaza	Member	26.03.2020	International market
<b>Remuneration committee</b>	Álvaro Álvarez-Alonso Plaza	Chairman	26.03.2020	Human resources
	Fernando José Francés Pons	Member	26.03.2020	Digitalisation

The current composition of each committee can be consulted on the Bank's website.

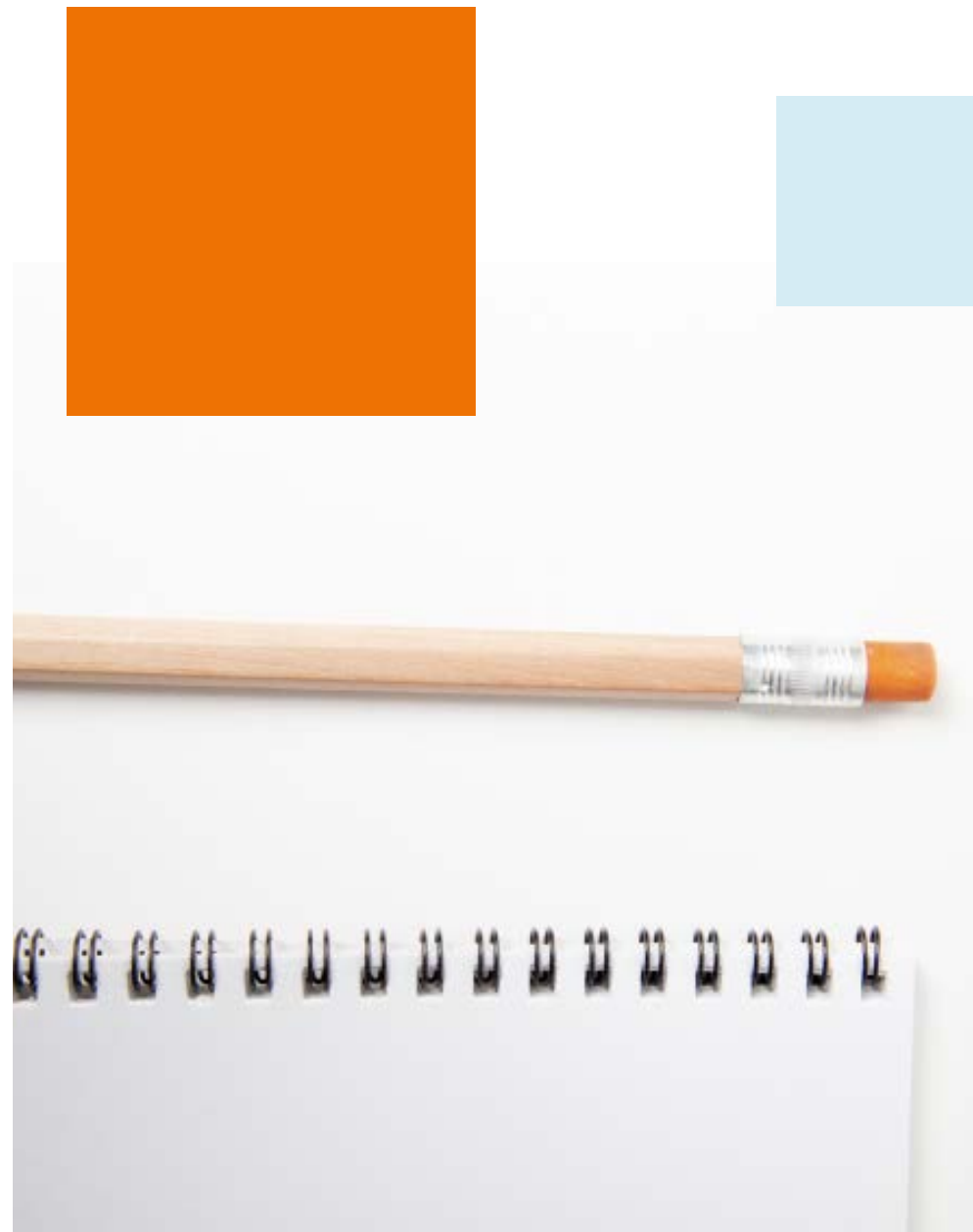
## Evaluation of the board and its committees

With a view to continuously improving its operations, the board of directors has carried out its annual evaluation for 2020. This was performed internally, as the evaluation for 2019 was carried out by an external expert, as reported in last year's Corporate Governance Report. The Corporate Governance Report contains a specific chapter on the evaluation of the board and its committees, explaining their objectives and the subjective remit of the evaluation and its results. This evaluation did not reveal any deficiencies that might require the approval of a corrective action plan by the board of directors. However, certain areas for improvement were identified that would make the governing bodies more efficient in their operation.

## Director remuneration

The principles, characteristics and components of director remuneration can be found in the Remuneration Policy for the years 2019, 2020 and 2021, approved by the 2019 annual general meeting, subsequently modified by resolution of the annual general meeting held on 19 March 2020. Likewise, a description of these can be found in the Annual director remuneration report, which is submitted to an advisory vote at the annual general meeting.

Both the director remuneration report and the annual report provide individualised information on the remuneration received by each director, showing the amounts corresponding to each remuneration item. These items appear also individually in the report as well as the remuneration that corresponds to the executive duties entrusted to the Bank's executive directors.



Sustainability



2020 INTEGRATED  
ANNUAL REPORT

The objective is to ensure responsible management of the three business dimensions (economic, social and environmental).

# Triple management to generate triple value

## The sustainability strategy is materialised in the 2016-2020 'Three in a row' plan

Bankinter's sustainability strategy is based on the 2016-2020 'Three in a row' plan for responsible management of the three business dimensions (economy, society and the environment) to generate three-fold value in the countries where the Bank operates.

The plan is based on the Sustainability Policy approved by the board of directors in January 2016 to contribute to the sustainable and inclusive development of the environment, based on the Bank's three strategic pillars of quality, innovation and technology, in line with its corporate values of agility, enthusiasm, integrity and originality.

The definition of the sustainability strategy is based on references including:

- 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
- Analysis of the results of assessments by leading ESG 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 sustainability policy is supplemented by the Bank's other internal policies.

Further, Bankinter published its 2020 non-financial statement in compliance with the provisions of the Law on non-financial information and diversity, which transposes EU Directive 2014/95 into Spanish law. In addition, in anticipation of the new legal framework, the Bank had been reporting for years on its social, employment and environmental management.

With a view to drawing up a new Sustainability Plan for the Bank, for the 2021-2023 period, Bankinter has carried out a new materiality analysis.



# Stakeholder engagement

## A management system for the needs and expectations of its main stakeholders

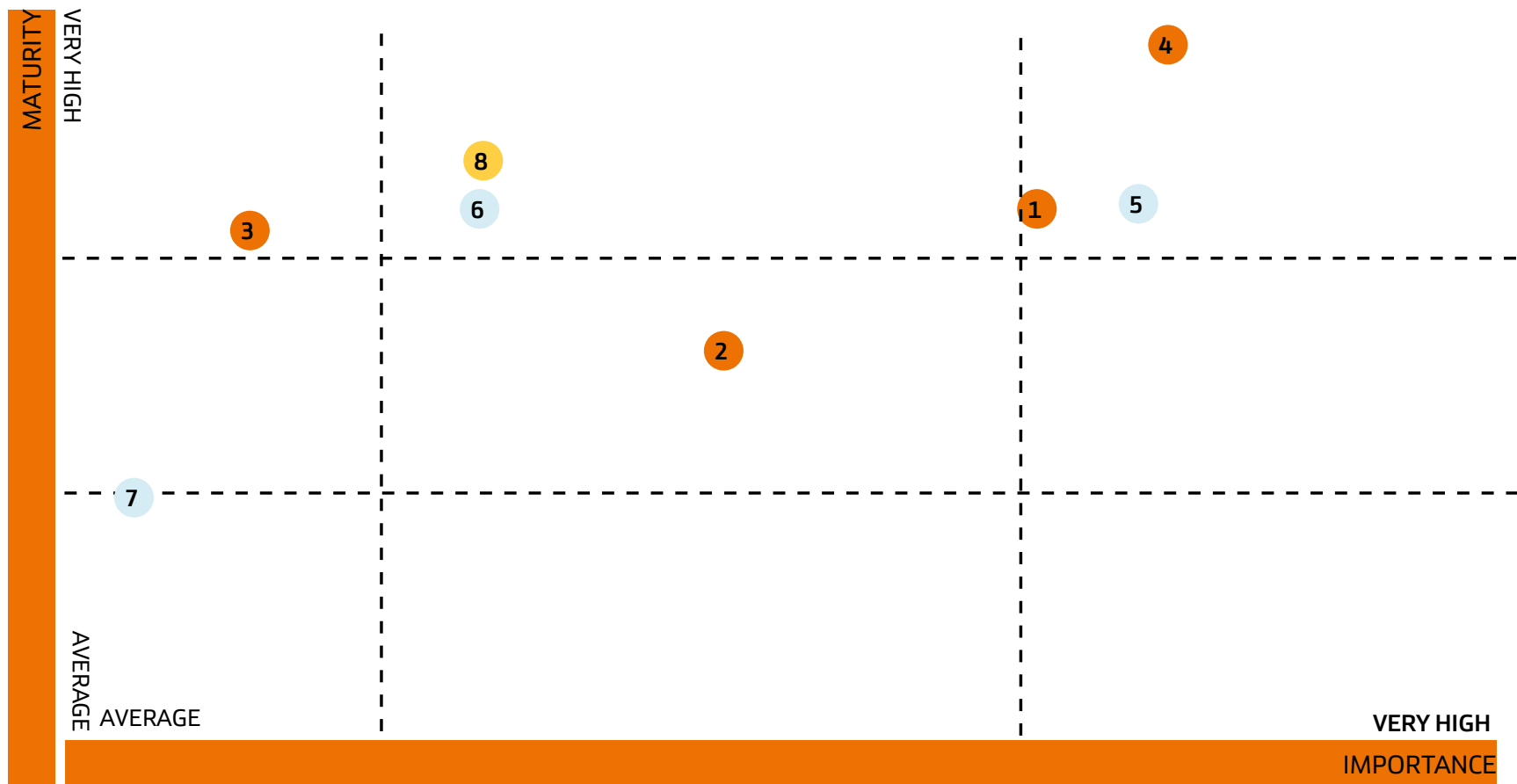
Bankinter identifies the aspects of its activity that have the greatest impact on the environment through a management system for the needs and expectations of its main stakeholders. The system is based on the guidelines in the international framework for non-financial reporting, the Global Reporting Initiative (GRI).

The Bank performs regular significance studies that enable it to improve the effectiveness of its engagement channels for social agents, classifying priority matters using two parameters: the maturity of aspects related to financial activity according to sustainability analysts, and the importance assigned to these aspects by the Bank's main stakeholders, such as customers, employees, suppliers, social and sector opinion leaders, the media and society in general.

Bankinter has performed materiality analysis as part of the design process for a new Sustainability Plan for 2021-2023. This is based on sending a questionnaire to its main stakeholders, to:

- Engage them in joint creation of the new 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 from stakeholders to continue the continuous improvement of the management of environmental, social and good governance aspects, and on the generation of shared value

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



**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)

The initiatives developed within the framework of Bankinter's 2016-20 Sustainability Plan are described below, together with the future challenges (which have been incorporated into the new 2021-2023 Plan)

Goal	Targets set	Initiatives developed in Bankinter	Challenges set in Bankinter
 <p><b>4 EDUCACIÓN DE CALIDAD</b></p>	<ul style="list-style-type: none"> <li>By 2030, remove all gender inequalities in education and ensure safe access to all levels of education and professional training for vulnerable individuals, including people with disabilities, indigenous people and children in situations of vulnerability.</li> <li>By 2030, ensure that all students acquire the theoretic and practical knowledge required to promote sustainable development, in addition to other aspects, through education on sustainable development and sustainable lifestyles, human rights, gender equality, promoting a peaceful and non-violent culture, world citizenry and appreciation of cultural diversity and the contribution of culture to sustainable development.</li> <li>Build and adapt educational establishments based on the needs of children and adults with disabilities, and on gender differences, offering safe, non-violent, inclusive learning spaces that are effective for everybody.</li> <li>By 2030, considerably increase the number of qualified teachers, including by means of international cooperation to train teachers in developing countries, in particular in less developed countries and small developing island states.</li> </ul>	<ol style="list-style-type: none"> <li>Online workforce training on financial education.</li> <li>Classroom-based financial education volunteering programme for different groups. <ul style="list-style-type: none"> <li>Primary and secondary school students.</li> <li>Groups at risk of social exclusion.</li> <li>People with a disability.</li> </ul> </li> <li>Provide online financial education platforms for secondary school, baccalaureate and university students.</li> <li>Training programme to facilitate social and employment inclusion for women who are victims of violence and other vulnerable groups.</li> <li>Corporate University certified for physical accessibility to enable training for individuals with disabilities on equal terms.</li> <li>Technical volunteering programmes for senior management in developing countries.</li> <li>Online training for employees in assisting people with disabilities.</li> </ol>	<ol style="list-style-type: none"> <li>Development of the financial education volunteering programme.</li> <li>Equality and diversity training for employees.</li> <li>Employee training on the Guiding Principles of Human Rights in the business environment.</li> <li>Classroom training for employees on assisting people with disabilities.</li> <li>Dissemination of the online platform for financial education: Money Town and Game of Traders.</li> </ol>
 <p><b>8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO</b></p>	<ul style="list-style-type: none"> <li>Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</li> <li>Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</li> <li>Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</li> </ul>	<ol style="list-style-type: none"> <li>Initiatives related to the business. <ul style="list-style-type: none"> <li>Sustainable lending and financing policy.</li> <li>Promotion of sustainable products.</li> </ul> </li> <li>Training and awareness aimed at promoting entrepreneurship. <ul style="list-style-type: none"> <li>Bankinter Innovation Foundation initiatives. <ul style="list-style-type: none"> <li>Entrepreneurs programme.</li> <li>Akademia programme.</li> <li>FTF programme.</li> </ul> </li> </ul> </li> <li>Cre100do Foundation programmes.</li> <li>Initiatives related to people management. <ul style="list-style-type: none"> <li>Family-responsible company certificate.</li> <li>Bankinter, here to help programme.</li> <li>Programmes to develop human capital.</li> <li>Programmes to attract and retain talent.</li> </ul> </li> <li>Certified physical accessibility of working environments.</li> </ol>	<ol style="list-style-type: none"> <li>Establishment of new financing policies for activities and assets with high social or environmental impact.</li> <li>Staff training in the Risk and Asset Management areas in the application of ESG criteria.</li> <li>Expansion of the range of sustainable products.</li> <li>Development of monitoring methodology and control of the Human Rights policy.</li> <li>Development of the Bankinter, here to help programme.</li> <li>Development of Foundation programmes.</li> <li>Extension of the scope of the universal accessibility management system to new work centres.</li> </ol>
 <p><b>10 REDUCCIÓN DE LAS DESIGUALDADES</b></p>	<ul style="list-style-type: none"> <li>Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</li> </ul>	<ol style="list-style-type: none"> <li>Preparation of the Human Rights Policy impact map.</li> <li>Initiatives related to financial and social inclusion.</li> <li>Implementation of physical accessibility.</li> <li>Digital accessibility.</li> <li>Cognitive accessibility.</li> <li>Training and awareness of the workforce aimed at financial integration.</li> <li>Development of charity products.</li> <li>Financial education and education for entrepreneurship (technical volunteering).</li> <li>Social volunteering.</li> <li>Social action and citizenship.</li> <li>Family responsible company.</li> <li>Equality plans.</li> <li>Definition of a Diversity policy.</li> <li>Confidential whistleblowing channel.</li> </ol>	<ol style="list-style-type: none"> <li>Training and awareness plan for a diverse culture.</li> <li>Extension of the certification scope of the universal accessibility management system to new work places.</li> <li>Development of products with a high social impact.</li> <li>Extension of the scope of EFR certification.</li> <li>Development of Foundation programmes: Akademia, FTF.</li> <li>Development of financial education programmes adapted to various groups.</li> </ol>

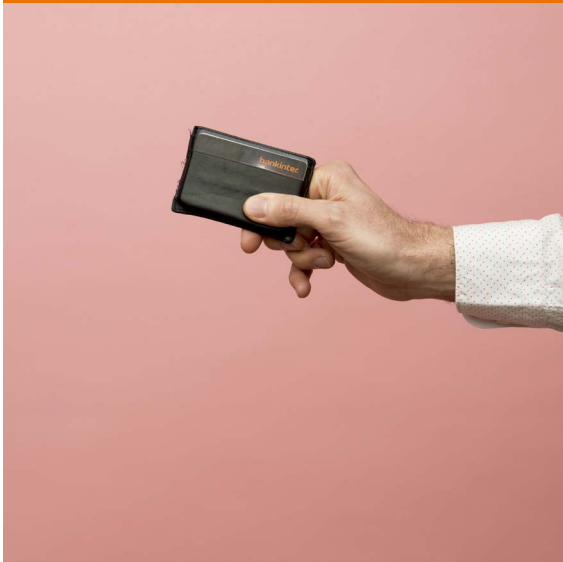


Goal	Targets	Initiatives undertaken	Challenges
	<ul style="list-style-type: none"> <li>▪ Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</li> <li>▪ Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</li> </ul>	<ol style="list-style-type: none"> <li>1. Issuance of green bonds.</li> <li>2. Sustainable lending and financing policy.</li> <li>3. Inclusion of environmental criteria in procurement policy.</li> <li>4. Support for employees, customers and suppliers to implement eco-efficiency measures.</li> <li>5. Design and launch of new sustainable products.</li> <li>6. Green line of credit.</li> <li>7. Management initiatives related to the Bank's environmental impact.</li> <li>8. Carbon neutrality in operating activity.</li> <li>9. Buying energy from renewable sources.</li> <li>10. Eco-efficiency programmes in the organisation.</li> <li>11. Actions with environmental and social impact.</li> <li>12. Disclosure of sustainable performance information.</li> <li>13. Environmental training and awareness workshops.</li> <li>14. Implementation of stakeholder communication channel on environmental matters.</li> <li>15. Environmental mailbox.</li> </ol>	<ol style="list-style-type: none"> <li>1. Launch of new products: green mortgage.</li> <li>2. Development of Foundation programmes: FTF.</li> <li>3. Identification of the impact of lending and financing operations on natural capital.</li> <li>4. Identification of the CO<sub>2</sub> load of investment and financing portfolios. Customer involvement in reductions.</li> <li>5. Training employees in sustainability advice.</li> <li>6. Awareness-raising and communication campaign on climate change for stakeholders.</li> <li>7. Alignment of reduction targets with the SBTi initiative.</li> </ol>
	<ul style="list-style-type: none"> <li>▪ Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships and strategies for obtaining resources from alliances.</li> <li>▪ Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.</li> <li>▪ Enhance global macroeconomic stability, including through coordination and policy consistency.</li> <li>▪ Enhance policy consistency for sustainable development.</li> <li>▪ Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development.</li> <li>▪ By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries.</li> <li>▪ Promote adherence to international initiatives related to sustainable finances and climate risk management.</li> <li>▪ Promotion of sector actions on sustainable development.</li> </ul>	<p>Initiatives undertaken:</p> <ol style="list-style-type: none"> <li>1. UNEP FI.</li> <li>2. Responsible Banking Principles.</li> <li>3. Equator Principles.</li> <li>4. United Nations Global Compact.</li> <li>5. Climate Change Cluster.</li> <li>6. Transparency and Corporate Governance Cluster.</li> <li>7. Social Impact Cluster.</li> <li>8. LBG.</li> <li>9. Forética.</li> <li>10. The Diversity Charter.</li> <li>11. Sponsorship of events with other public and private companies to support environmental and social ventures that support the development of new companies, technologies and projects</li> <li>12. Green weekends.</li> <li>13. Circular weekends.</li> <li>14. Social Entrepreneurship Awards from the Más Humano Network.</li> <li>15. Involvement in preparing the Natural Capital Protocol guide for the financial sector.</li> <li>16. Work groups as part of the Task Force on Climate-related Financial Disclosures</li> </ol>	<ol style="list-style-type: none"> <li>1. Adherence to the United Nations PRI (Principles of Responsible Investment)</li> <li>2. Identification and management of new alliances.</li> </ol>

The 2016-2020 Plan establishes 17 strategic economic, social and environmental lines.

**Economic line**

- Good governance
- Sustainable practices
- Customer-oriented services
- Socially responsible investment
- Sustainable products
- Responsible supplier management
- Communication and training



**Social line**

- Financial inclusion
- Advanced people management
- Volunteering
- Citizenship
- Social footprint management
- Bankinter Innovation Foundation
- Communication and training



**Environmental line**

- Climate change strategy (carbon footprint)
- Environmental management system
- Communication and training



## Economic line

Bankinter is included in the most prestigious sustainability indexes, such as the Dow Jones Sustainability World Index, which recognises Bankinter as one of the twenty five most sustainable banks in the world.

The Bank also appears in other leading sustainability indexes, including the FTSE4Good, MSCI and Carbon Disclosure Project. It also appears in the 2020 Sustainability Yearbook published by S&P Global.

In addition to exercising direct control over the organisation's social action and environmental management, the Sustainability Division also acts as an observatory of trends and risks based on ongoing engagement with stakeholders. This provides first-hand knowledge of their expectations and allows the Bank to identify requirements in an ever-changing environment, with a view to including these in its sustainability strategy.

It also fosters coordinated action among areas to develop initiatives based on responding to these needs. Similarly, it proposes and monitors the programmes contained in the strategic plan, verifying the degree of compliance with objectives and identifying areas for improvement, according to recognised ethics and sustainability standards and indexes.

## Good governance

In the corporate governance chapter of this annual report, considerable information is provided on the size and composition of the board of directors, member selection process, diversity, succession plans and other good practices.

## Customer-centric services

In regard to customer orientation, the main indicator that measures the quality of the service provided and satisfaction levels, the NPS, comfortably exceeded the target set for 2020, standing at 41.50%.

## Sustainable investment and financing practices

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 the Bank must follow in its decision-making process, considering the best practices and international standards.

In line with this strategy, the Bank has adhered 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 to be financed. In 2020, 16 projects to which these principles apply were financed, all in Spain and Portugal and the renewable energy sector. 14 were graded B and two C. Investment came to 340.5 million euros.

Bankinter undertakes to evaluate the practices in environmental, social and human rights issues, and to act according to the principles established in its policies, in the due diligence processes carried out before entering into financing agreements or any other type of contract and within the framework of the Equator Principles and the environmental and social risk management policies.

In particular, this involves the promotion of sustainable, competitive and safe energy sources. Over the course of 2020, the Bank took part in various renewable energy projects (photovoltaic and wind energy, among others).

The Bank has also signed up to the United Nations Environment Program 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.

**Bankinter has defined Investment Sustainability Principles, as part of its Risk Management and Control Framework.**

## Sustainable products

The main Bankinter products that incorporate sustainability attributes in their design are as follows:

**Bankinter Sostenibilidad 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.

**Responsible investment funds.** The Bank makes more than 1,100 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 Greenergy 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). The first issuance of these green bonds took place in January for the amount of 750 million euros.

**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 automation) and 2.5% in CPE Private Equity LP (clean technologies).

**Helia Renovables.** In 2017, the Bank entered into a partnership with Plenium Partners to create Helia Renovables, a venture capital fund to invest in renewable energy. Four funds have been created with total investment (debt plus equity) of more than 2.0 billion euros in renewable energy.

**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, within the scope of the Horizon 2020 funding instrument. Its aim is to support the financing of Spanish companies with fewer than 500 workers who 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.

**Hal-Cash.** This system facilitates access to financial services for groups that do not have bank accounts. It enables customers to send money to any person's mobile phone so that they can withdraw it from an ATM without using a credit card. Orders with a total value of 47.5 million euros were issued through this system in 2020.

## Responsible supplier management



Bankinter's board of directors has approved a new Suppliers Code of Conduct, which entails a set of basic principles of practice and rules of professional conduct to govern the actions of all the Bank's suppliers and represents the ethical values that the Bank has traditionally applied in its relationship with them and the rest of the stakeholders.

Further, in the supplier certification process, environmental, social and governance criteria were included. At the close of 2020, 39% of all Bankinter's suppliers were assessed based on these criteria.

It should also be pointed out that Bankinter's average payment period to its suppliers is 11.4 days.

## 'Three in a row' plan for the Economic line – 2020

Strategic lines	Objectives 2020	Level of achievement
Good governance	Continue strengthening the corporate governance framework	
Sustainable practices	Development of the sustainable finances project	
Customer-centric services	Achieve an NPS score of over 41.3% for the Bank	
Socially responsible investment	Training for the asset management area in Socially Responsible Investment	
Sustainable products	Launch of other sustainable products	
Responsible management of suppliers	Training of SME suppliers on adaptation to the new economy of client change	
Communication and training	New communication actions with the sustainable development objectives	

-  Completed
-  In development
-  To be commenced

## Social line

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.

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 Universal Accessibility Management System (SGAU) certified according to the UNE 170001 standard, implemented at its head quarters in Madrid, in the Alcobendas building. This system also has LEED platinum certification at the Corporate University located in Tres Cantos, and at seven bank branches.

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.

As for accessibility, the Bank offers braille coordinates cards for blind or visually-impaired people to carry out phone transactions, monthly statements in audio and large print formats, and the advisory service by video-calls in sign language for deaf people.

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.

To support the financial training of students, Bankinter has launched digital platforms aimed at secondary school and baccalaureate students, and university students.

For the training of secondary school and baccalaureate students, it makes the Money Town platform available to parents and teachers. This is an interactive game that facilitates the understanding of basic financial concepts, and the development of skills and abilities to know how to manage money effectively. At the end of 2020, more than 11,000 users were registered.

For university students, the Bank launched the Game of traders platform in 2020, a stock market game with a major financial training component. It allows participants to operate as real traders and thus start in the investment world in an environment that simulates the behaviour of real-life markets.

Bankinter also has a collaboration agreement with the Confederación Estatal de Personas Sordas (CNSE) to make financial knowledge available to people with hearing difficulties. The financial education actions for this group include the dissemination of training videos online.

**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.**

## Advanced employee management

Bankinter has been included in the Top Employer Spain ranking for 14 consecutive years. Companies included are recognised for offering a full package of social-labour measures for their employees.

Bankinter still holds 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.

In terms of diversity, the Bank has drawn up its Diversity and Inclusion Policy, and it should be noted that there is a high percentage of women in all categories within the company. The Bank also carries out initiatives to facilitate the hiring of people with disabilities through agreements with Fundación ONCE, Fundación Integra and Adecco, among other organisations.

Regarding the development of human capital, 99% of employees received training throughout the year, with an average of 79 hours per employee. Likewise, the Bank is developing metrics (based on recognised methods such as Kirkpatrick) to know the

return on investment (ROI) of some of its training programmes.

During the year, 99.6% of the staff in Spain eligible for a performance assessment received one, with 95.2% of personnel managers being subject to bottom-up assessment.

In 2020, the results regarding employee satisfaction from the OPINA survey have improved.

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.

In 2020, the Bank's initiatives to further develop employee well-being management included the digital, inclusive and personalised programme 'Bankinter, here to help' to train and educate employees about the importance of health care, promoting a culture of safety and physical and emotional well-being.

For further information, see the People chapter in this Report.

## 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 addition to the external value it contributes to communities, this programme strengthens the Bank's organisational culture internally and develops new competences, skills and sensitivities in our volunteers.

Due to the restrictions in response to the COVID-19 pandemic, face-to-face volunteering days were replaced, as far as possible, by online activities in 2020.

Bankinter has continued to promote financial integration through technical volunteering activities and financial training for groups such as secondary school and baccalaureate students, young entrepreneurs and people at risk of social exclusion. These initiatives help to develop specific volunteering skills among employees, such as adapting communications to everybody, regardless of their abilities and knowledge.

The following activities stood out in 2020:

**Participation in the sixth 'Your Finances, Your Future' project.** This was promoted by the Spanish Banking Association (AEB), in cooperation with the Junior Achievement Foundation. Its mission is to develop the skills and knowledge of secondary school and baccalaureate students on managing their finances.

**Workshops for socio-employment inclusion** delivered to groups at risk of social exclusion who are beneficiaries of the Integra Foundation.

**Sixth Bankinter Solidarity Challenge.** A sports and solidarity event promoted among the employees of Bankinter Spain and Portugal. The donations received were passed on to the Spanish Red Cross health programme.

**Collaboration with A smile for Christmas,** an initiative organised by International Cooperation. This campaign was promoted among the Bank's employees to collect donations of new toys for children of families at risk of social exclusion at Christmas.

## Citizenship

In the communities in which it operates, Bankinter establishes strategic alliances with voluntary organisations, receiving support from them to identify and respond to local needs.

As a member of the United Nations Global Compact Network Spain, the Bank assumes the commitment to incorporate the ten principles into its business strategy. The Bank is contributing to meeting the sustainable development goals (SDGs), based on the firm belief that they are important for society to evolve towards a model that is fairer and more respectful towards people and the planet.

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 nine transparency and good practice principles.

As part of its management of social action, the Bank has developed metrics to measure the business and social benefits of its action programs.

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.

The Bank is also a promoting partner of Forética, a leading association of companies that promotes corporate social responsibility and sustainability in Spain and Latin America.

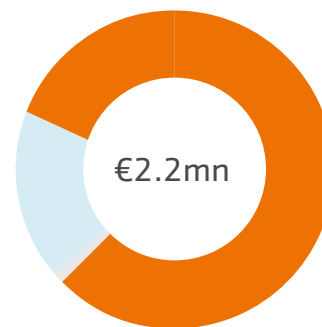
As a result of this dialogue with the voluntary sector, 164 initiatives were assessed in 2020, resulting in 31 collaborations with various non-profit organisations.

Bankinter offers products and services for charitable purposes to support the work of voluntary associations. These include the Bankinter Solidarios card (whose fees are donated to social projects within the framework of the Involvement and Solidarity Programme) and the Bizum Solidario service, to facilitate micro-donations using mobile phones. It also offers charity accounts to NGOs for fundraising, with no fees at the source or destination.

The Bank was involved in organising the fifteenth Mashumano Youth Awards, which recognise entrepreneurs who provide innovative, sustainable and socially responsible solutions. Specifically, Bankinter sponsored the 'Best solution for helping to integrate people with disabilities' category.

In 2020, the ninth 'Involvement and Solidarity' programme took place, an initiative that finances ten social projects through the fees from the Bankinter Solidarios card. This involves several of the Bank's stakeholders – customers using the Bankinter Solidarios visa card and employees – who this year submitted more than 200 projects.

### Social investment (LBG)



- Cash 82.3%
- Time 0.9%
- In-kind 0.2%
- Management costs 16.5%



## COVID-19 crisis:

### Extraordinary management for extraordinary times

In response to the health and social crisis triggered by the COVID-19 pandemic, the Bank launched a battery of measures to try to mitigate the effects of this crisis on suppliers, private customers, companies, SMEs and the self-employed.

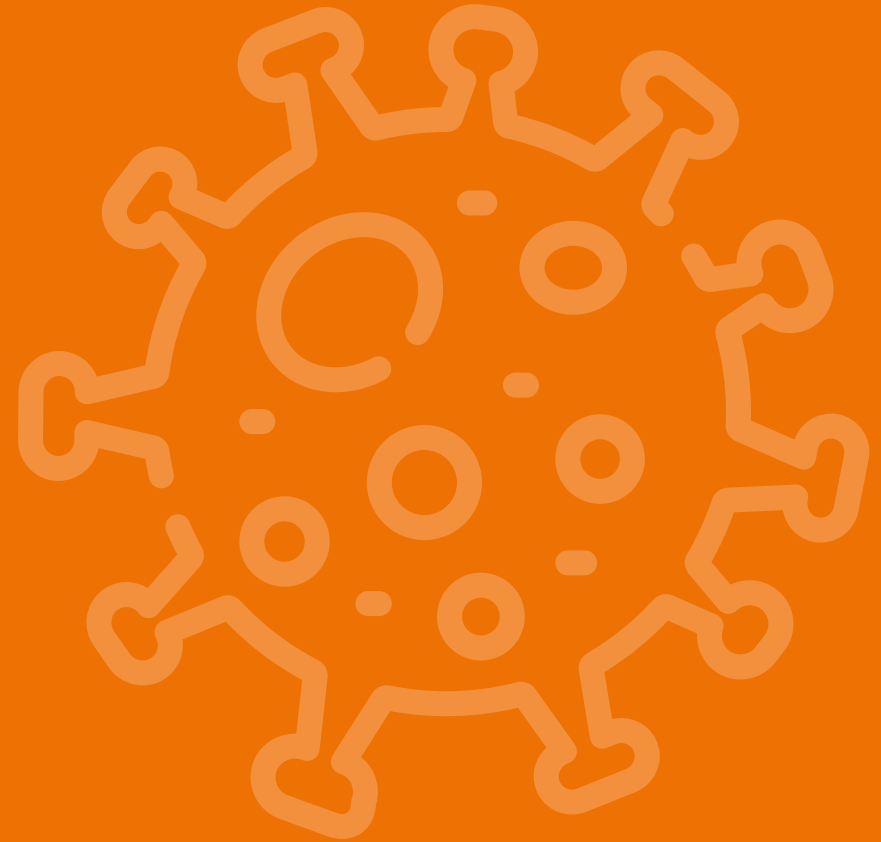
In addition, the accounts disclosure enabled for emergencies was activated.

The Red Cross' emergency appeal in response to the COVID-19 crisis was promoted through the Bank's social networks (LinkedIn, Facebook and Twitter) and Bizum channels.

Bankinter also collaborated in the assembly of the emergency hospital set up by Doctors of the World at the Gregorio Marañón Hospital in Madrid.



Bankinter collaborated with the ANAR Foundation to reactivate a support chat for children and young people suffering from domestic abuse, a problem aggravated by the lockdown.

A volunteering initiative was launched with the Adecco Foundation offering remote-assistance during the lockdown, to help people with disabilities and mental illness on that Foundation's employment programme.



## 'Three in a row' plan for the Social line – 2020

Strategic lines	Objectives 2020	Level of achievement
Financial inclusion	Development of accessibility to the physical and digital work environment	
Advanced employee management	Implementation of a training programme for digital culture acceleration. Progress of programmes to promote health and safety.	
Bankinter Innovation Foundation	Development of Foundation programmes.	
Volunteering	Extend financial education programmes to all organisations.	
Citizenship	Dissemination of the on-line platform for financial education, 'Money Town'.	
Social footprint management	Evaluation of the social and economic impact of the activity	
Structure	New communication actions with the sustainable development objectives	

-  Completed
-  In development
-  To be commenced

## Environmental line

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 policy's principles and ensuring its commitment to protecting the environment.

There is also an Environmental working group, represented by the areas most involved in environmental management, which carries out the periodical monitoring of environmental indicators and the implementation and development of the environmental management system.

The environmental strategic axis also includes the Climate Change Strategy, with short-, medium- and long-term objectives, and the Carbon Footprint management system, through which the direct and indirect environmental impacts generated by the Bank's activity are identified, measured and controlled.

The environmental criteria are present in the Bank's investment and financing policies. At the end of 2016, Bankinter adhered to the Equator Principles, whereby environmental and social analyses are carried out on all financing projects which require them.

The Bank has also drawn up sector financing guidelines, based on social and environmental criteria, for certain sectors that, due to their social or environmental impact, are considered most relevant. An energy sector policy was implemented in 2020.

Bankinter Gestión de Activos, the collective investment institution management company (CII), which is 100% owned by Bankinter Group, is increasing its firm commitment to sustainability and will incorporate environmental, social and good governance (ESG) criteria for all its investment funds during 2021.

The Bank collaborates with leading organisations that assess and evaluate its environmental performance, such as the Carbon Disclosure Project (CDP), of which Bankinter has been a signatory company from the beginning. In its 2020 assessment, Bankinter was recognised as one of the leading banks for climate change management, obtaining an 'A-' rating in the 'Leadership' category.

Bankinter also joined the United Nations Environment Programme sector initiative (UNEPFI) during the year, signing the Principles for Responsible Banking. This framework has been established for conducting sustainable banking in line with the SDGs and the 2030 Agenda.



CDP names Bankinter one of the leading banks for climate change management.

First prize in the 16th edition of the Environmental Photography Awards. María Lorna Cuadrado. *May your health not interfere in theirs.*

## Climate change strategy

In the challenge posed by climate change, each actor must identify their role. And while the financial sector is not a carbon-intensive industry, financial institutions have a major role to play in the transition to a low-emission economy.

Therefore, 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 impacts; i.e. those generated by applying its financing and investment 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).

In relation to the objectives set for the year:

- Bankinter is already carbon neutral for scopes 1 and 2.
- 100% of the electricity consumed in the Bank's facilities at the end of the year comes from renewable sources.
- Significant progress has been made in implementing the TCFD (Task Force on Climate-Related Financial Disclosure) recommendations.

- The energy sector policy has been added to the group of sector guides with ESG criteria.
- The Bank's exposure to climate change risks was subject to an initial analysis.
- Membership of UNEPFI, the Principles of Responsible Banking and the Financial Commitment for Biodiversity.
- New sustainable products were launched, such as the issuance of green bonds and a pension plan with ESG criteria.

In anticipation of the new Climate Change Act, an analysis has been made of the implications of the recommendations of the Financial Stability Board and the Task Force on Climate-related Financial Disclosures, which indicate that financial institutions need to manage risks and opportunities relating to climate change in the short, medium and long term.

In 2019, Bankinter committed to including the TCFD recommendations in its business model and drew up a road map for this purpose. A sustainable finances work group was also created to address future EU regulatory requirements.



Second prize in the XVI edition of the Environmental Photography Awards. Alfredo Rubín Rodríguez. *Flow*.

## 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 for reviewing published information are similar to those used for existing financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>Included 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 implementation of the strategy by the sustainability committee and the board of directors.</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>Priority 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> </ul>	<ul style="list-style-type: none"> <li>Development of opportunities identified: new products and sustainable services</li> <li>Membership of the Science Based Targets initiative</li> <li>Definition of a roadmap for adapting the Bank's portfolio to the emissions reduction taxonomy and targets</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 risk-analysis tool for the Bank's portfolio</li> <li>Creation of the Sustainable Finance working group</li> <li>Establishment of a sector energy policy</li> </ul>	<ul style="list-style-type: none"> <li>Development of processes to manage climate-related risks</li> <li>Extension of sector policies to other industries</li> <li>Development of opportunities identified: new products and sustainable services</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 attempt to calculate the carbon footprint of the Bank's portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of standard methodology to calculate all Scope 3 emissions</li> <li>Disclosure of achievement of targets to stakeholders</li> </ul>

## Carbon footprint

Bankinter has been calculating its overall carbon footprint since 2009 in its three emission ranges: direct (consumption of fossil fuels and possible leakage of refrigerant gases), indirect (electricity consumption) and induced (e.g. travel for work and consumption of paper, toner and water).

In 2020, 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 once again registered its carbon footprint (calculated in 2019) with the Carbon Footprint Registry of the Ministry of Ecological Transition and the Demographic Challenge.

Bankinter is already carbon neutral for Scope 1 and 2 emissions in its activity in Spain, Portugal and Luxembourg. Its 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, hence the significant decrease in figures for Scope 2 emissions.

The special situation caused by the COVID-19 pandemic in 2020 influenced trends in the emissions indicators as buildings and offices were not fully occupied and a large part of the workforce was working remotely for part of the year, with the resulting influence on emissions from employee travel, for example.

In 2021, more Scope 3 emissions fields will be included, based on the publication of the 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' GHG Protocol, by estimating emissions from accounting entries.

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

	2020	2019
Total emissions	10,417.17	14,545.52
<b>Total/employee</b>	<b>1.71</b>	<b>2.39</b>

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

	2020	2019
Gas/Diesel/Air conditioning gases	1,391.97	1,080.88
<b>Total/employee</b>	<b>0.23</b>	<b>0.18</b>

\* The scope of the data is the banking business of Bankinter Group (including EVO and Avantcard since their incorporation in June 2019). The increase is due to the fact that the full year of 2020 has been recorded in EVO and Avantcard vs only 7 months in 2019, since their inclusion.

\* OECC emission factors, carbon footprint registry, offset and carbon dioxide absorption projects (Version 15 - June 2020)

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

	2020	2019
Electricity	813.84	1,474.92
<b>Total/employee</b>	<b>0.13</b>	<b>0.24</b>

\* The scope of this information is the banking business of Bankinter Group (including EVO and Avantcard since their inclusion in June 2019)

\* OECC emission factors, carbon footprint registry, offset and carbon dioxide absorption projects (Version 15 - June 2020)

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

	2020	2019
Business travel	1,232.46	3,273.38
Business trips	4,616.38	6,261.02
Water	13.76	15.65
Paper	291.34	385.89
Toner	38.08	31.90
Waste	4.79	5.09
Computer equipment	879.15	879.21
Furniture	65.28	76.28
Customer electricity consumption	1,051.89	1,053.81
Cleaning products	6.39	3.37
Maintenance travel	11.84	13.88
<b>Total</b>	<b>8,211.36</b>	<b>11,989.72</b>
<b>Total/employee</b>	<b>1.34</b>	<b>1.97</b>

\* The scope of this information is the banking business of Bankinter Group (including EVO and Avantcard since their inclusion in June 2019)

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

\* OECC emission factors, carbon footprint registry, offset and carbon dioxide absorption projects (Version 15 - June 2020)/SIMAPRO (Ecoinvent System Processes)

## 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 all necessary measures to ensure optimum environmental performance. This means minimising consumption and hence our carbon footprint.

Trends in the indicators in 2020 were influenced by the special situation caused by the COVID-19 pandemic, as the buildings and offices were not fully occupied during part of the year.

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 efficiency 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 Portugal) 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 digital signature of contracts, all the documentation associated with each employee now forms part of a personal digital archive, thereby reducing paper requirements.

In 2020, customer information campaigns were continued to replace paper statements with the web correspondence model.

As the Bankinter Group has certified environmental management systems, waste management at its buildings and offices is highly controlled and all corresponding documentation and monitoring indicators are kept up to date.

### Energy consumption (Gj) \*

	2020	2019	Change
Electricity	92,455	95,477	-3.16%
Diesel	4,121	2,798	47.30%
Natural gas	9,958	8,783	13.38%
<b>Total</b>	<b>106,534</b>	<b>107,057</b>	<b>-0.49%</b>
<b>Total/employee</b>	<b>17.44</b>	<b>17.61</b>	<b>-0.96%</b>

\* The scope of the data is the banking business of Bankinter Group (Bankinter Spain, Portugal and Luxembourg and EVO and Avantcard since their inclusion in June 2019). The increase in some indicators is due to the fact that the entire year 2020 has been recorded for EVO and Avantcard vs only 7 months in 2019, since their inclusion.

\* 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 (m<sup>3</sup>) \*

	2020	2019	Change
<b>Total</b>	<b>42,867</b>	<b>48,758</b>	<b>-12.08%</b>
<b>Total/employee</b>	<b>7.02</b>	<b>8.02</b>	<b>-12.50%</b>

\* The scope of this information is the banking business of Bankinter Group (including Spain, Portugal, Luxembourg, and EVO and Avantcard since their inclusion in June 2019)

\* 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) \*

	2020	2019	Change
<b>Total</b>	<b>353</b>	<b>491</b>	<b>-28.08%</b>
% recycled A4 and A3	93%	87%	7.36%
<b>Total/employee</b>	<b>0.06</b>	<b>0.08</b>	<b>-28.42%</b>

\* The scope of this information is the banking business of Bankinter Group (including Spain, Portugal, Luxembourg, and EVO and Avantcard since their inclusion in June 2019)

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

### Waste management (kg)

	2020	2019	Change
Confidential paper	143,194	159,020	-9.95%
Toner	2,128	1,436	48.16%
Electronic equipment	19,564	35,445	-44.80%

\* The scope of this information is the banking business of Bankinter Group (including Spain, Portugal, Luxembourg, and EVO and Avantcard since their inclusion in June 2019)

## Environmental management

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. This system includes the Entity's four singular buildings in Madrid (Paseo de la Castellana, Tres Cantos and the two buildings in Alcobendas), the building in Barcelona, and the sustainable office in Madrid. This means that 44.5% of the Bank's workforce is covered by this environmental certification. The Bank's building in Bilbao was also included in the scope of the system in 2020. This will be audited in 2021. The Internal Audit area is involved in the annual verification process.

In its Annual Programme of Environmental Management, Bankinter includes a series of objectives and goals aimed at optimising consumption and correct waste management, the reduction of emissions to the atmosphere and the programming of communication campaigns, awareness-raising and training of employees on good environmental practices.

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 covers 41.6% of the workforce.

### Objective 1: Reduce direct emissions (Spain)

#### What did we do in 2020?

Exhaustive control of possible air conditioning leaks. Control of consumption by the bank's properties through remote management.

KPI	2020	2020 Target	2021 Target
Tonne CO <sub>2</sub> e/employee	0.23	× (-1%)	(-1%)

\* Direct emissions have increased due to a higher number of air conditioning leaks detected in the facilities. However, as in previous years, they have been fully offset.

### Objective 2: Reduce electricity consumption (Spain)

#### What did we do in 2020?

Projects to replace old with more efficient equipment Improvements in automation and consumption control in new buildings.

KPI	2020	2020 Target	2021 Target
Gj/employee	15.6	✓ (-2%)	(-2%)

\* Electricity consumption has been reduced by 6.87% per employee in Spain.

### Objective 3: Reduce our indirect emissions

#### What did we do in 2020?

Green energy purchases. Promotion of alternative communication platforms (conference calls for internal meetings, video calls with customers), awareness campaigns, good environmental practices, etc.

KPI	2020	2020 Target	2021 Target
Tonne CO <sub>2</sub> e/employee	0	✓ 100% green energy	Continue to purchase green energy.

\* Since June 2018 all electric energy consumed in Spain is green energy, with a guarantee of source. Therefore, indirect emissions are zero.

### Objective 4: Offset our direct emissions

#### What did we do in 2020?

Bankinter has offset its direct annual emissions from its business in Spain, Portugal and Luxembourg by participating in the 'Conservation of the Amazon in Madre de Dios in Peru' project as part of the Ecology and Development Foundation's Zero CO<sub>2</sub> initiative.

KPI	2020	2020 Target	2021 Target
Tonne CO <sub>2</sub> offset	1,208	✓ Neutral, Scopes 1/2	Neutral Scopes 1/2

### Objective 5: Reduce paper consumption

#### What did we do in 2020?

Awareness campaigns and good environmental practices, web mail campaigns for customers, implementation of user access for printers.

KPI	2020	2020 Target	2021 Target
Tonne of paper / employee	0.06	✓ (-2%)	(-2%)

\*Paper consumption has decreased by 26.8% per employee in Spain.



In Portugal, an environmental sustainability action plan to 2030 has been launched, with 19 initiatives in the areas of energy, mobility, water, the circular economy, citizen involvement and extending ISO 14001 certification. This programme is part of the package of measures contained in the Lisbon Climate Agenda for 2030 and the commitments deriving from Lisbon's status as the green capital of Europe 2020.

The following environmental objectives have been set for 2021:

- Electricity consumption: 1% kwh/employee reduction
- Paper consumption: 5% reduction Tn paper/employee
- Waste: 5% tn/employee reduction of plastic waste
- Increase the scope of the environmental management system with the 15 branches in Lisbon, in accordance with the Lisbon Green Capital Commitment signed in 2019.

### Biodiversity

In Spain, Bankinter headed up a project with the Natural Capital Coalition in 2018. Its objective was to develop a specific guide for the financial sector that facilitates the identification and management of impacts on natural capital. This represented a first step in evaluating the Bank's biodiversity portfolio.

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 Finance for Biodiversity Pledge. It is one of 26 financial institutions from around the globe that presented the manifesto during the Nature for Life Hub organised by the United Nations Development Programme, the United Nations Environment Programme and the Convention on Biological Diversity. In December, 11 new financial entities joined as well.



### Objectives for 2024:



## Influence on stakeholders

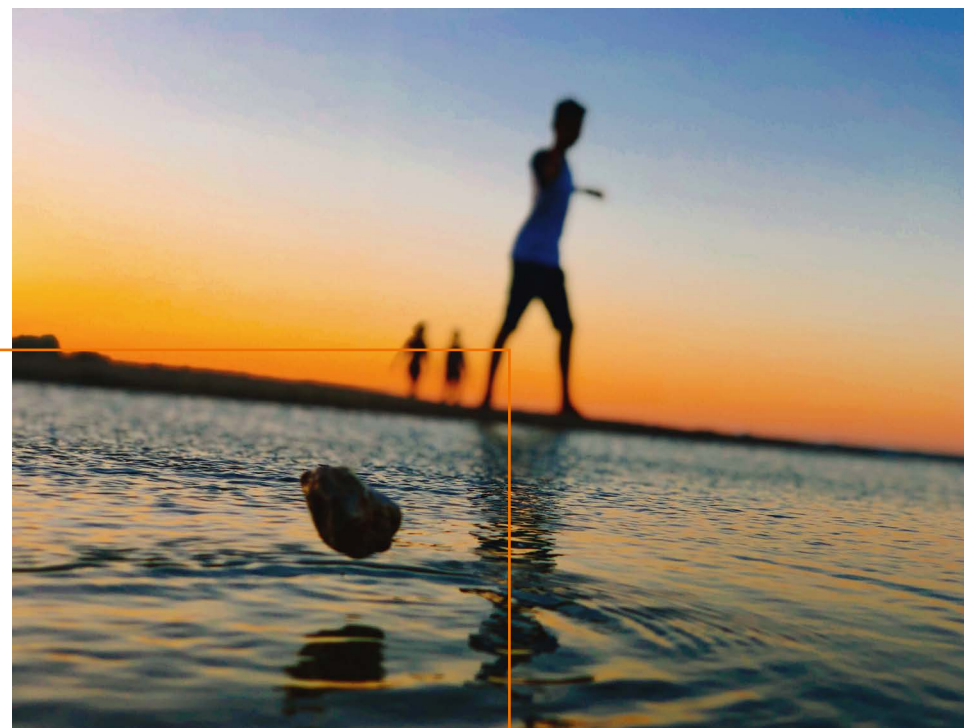
The Bank has different communication channels, both internal and external, for the dissemination of its various social and environmental initiatives, through which it promotes the participation of all its stakeholders.

In addition to the Annual Report, Bankinter has a finance sector blog, with a specific category dedicated to news on sustainability, which is broadcast through the Bank's social media. In 2020, the main awareness-raising actions included:

- Bankinter's 2020 calendar with the dissemination of SDGs and the projects being carried out by the Bank to comply with these goals.
- XVI edition of Environmental Photography Prize. Held in 2020 under the slogan 'Environment and Health' and attracted entries from employees from Spain, Portugal and Luxembourg.

- Supported the Earth Hour campaign, a WWF initiative to reduce CO<sub>2</sub> emissions. To support the campaign, the lighting of all the Bank's properties was turned off and different devices were disconnected. The participation of employees and customers was also encouraged.

Bankinter is the leading entity in the Climate Change Cluster promoted by Forética, adhered to by more than 50 companies from different sectors. During 2020, the Group looked into the transformation to a low-carbon economy. A paper was presented with the nine levers for this transformation, highlighting the main tools, challenges and leading organisations in the different fields, as well as the opportunities for companies when activating these levers.



Third prize in the XVI edition of the Environmental Photography Awards. Jorge Rabasco Sánchez. *Sunset by the sea.*

## 'Three in a row' plan for the Environmental line – 2020

Strategic lines	Objectives 2020	Level of achievement
Climate change strategy	Carbon footprint neutrality, scopes 1 and 2 Implementation of the climate change strategy	●
Environmental management system.	Extension of the scope of the Environmental Management System.	●
Communication and training	New communication actions with the sustainable development objectives	●

- Completed
- In development
- To be commenced

People



2020 INTEGRATED  
ANNUAL REPORT

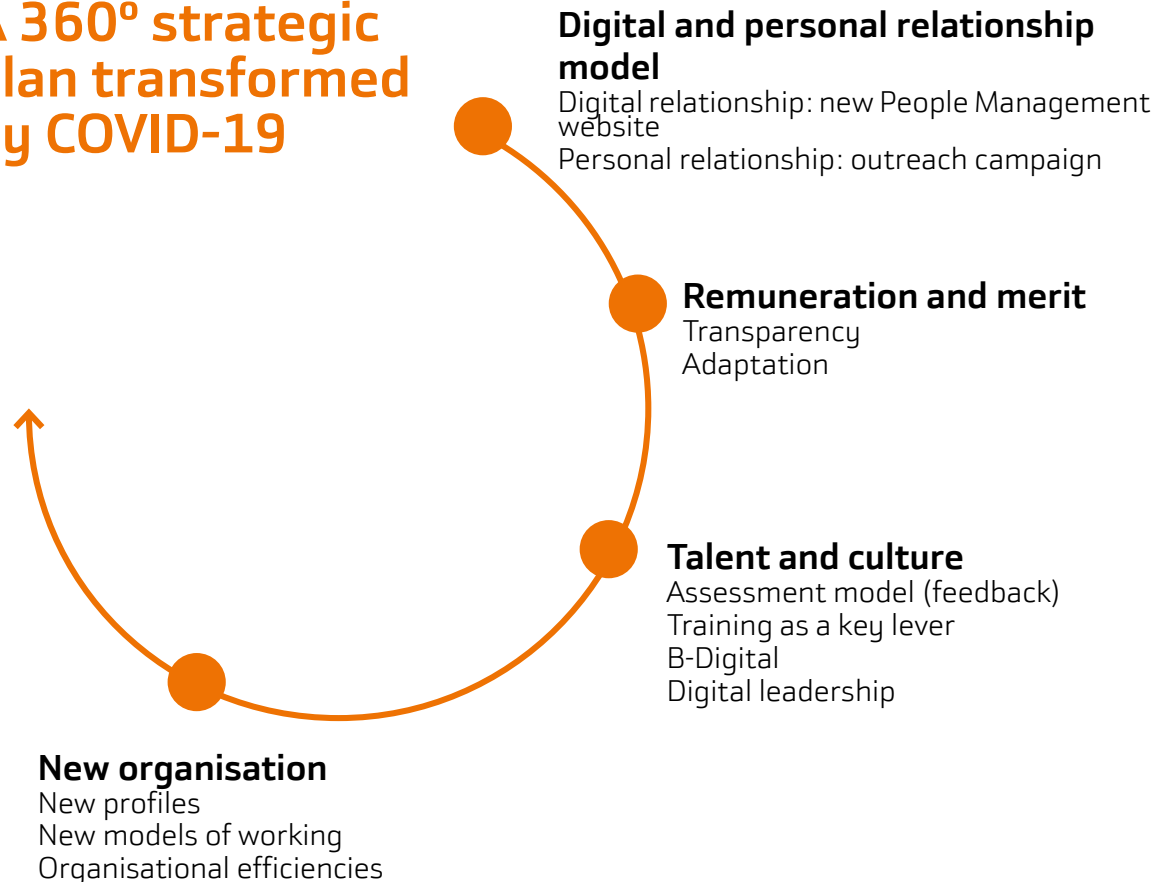
# People

## Closer than ever to employees

As a consequence of the health crisis, 2020 was a year full of unexpected challenges, which accelerated the transformation of the Bank's structures and especially its ways of working, further driving innovation, digitisation and the agility of learning in a safe environment.

Against this difficult backdrop, Bankinter continued to consolidate its Strategic People Management plan, focusing in particular on protecting health, maintaining 'closeness in distance', and adapting to an increasingly fast and deep digitalisation.

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



## Health and safety

Taking care of the well-being and health and safety of all employees – already a priority in our People Management policies – became even more important in 2020.

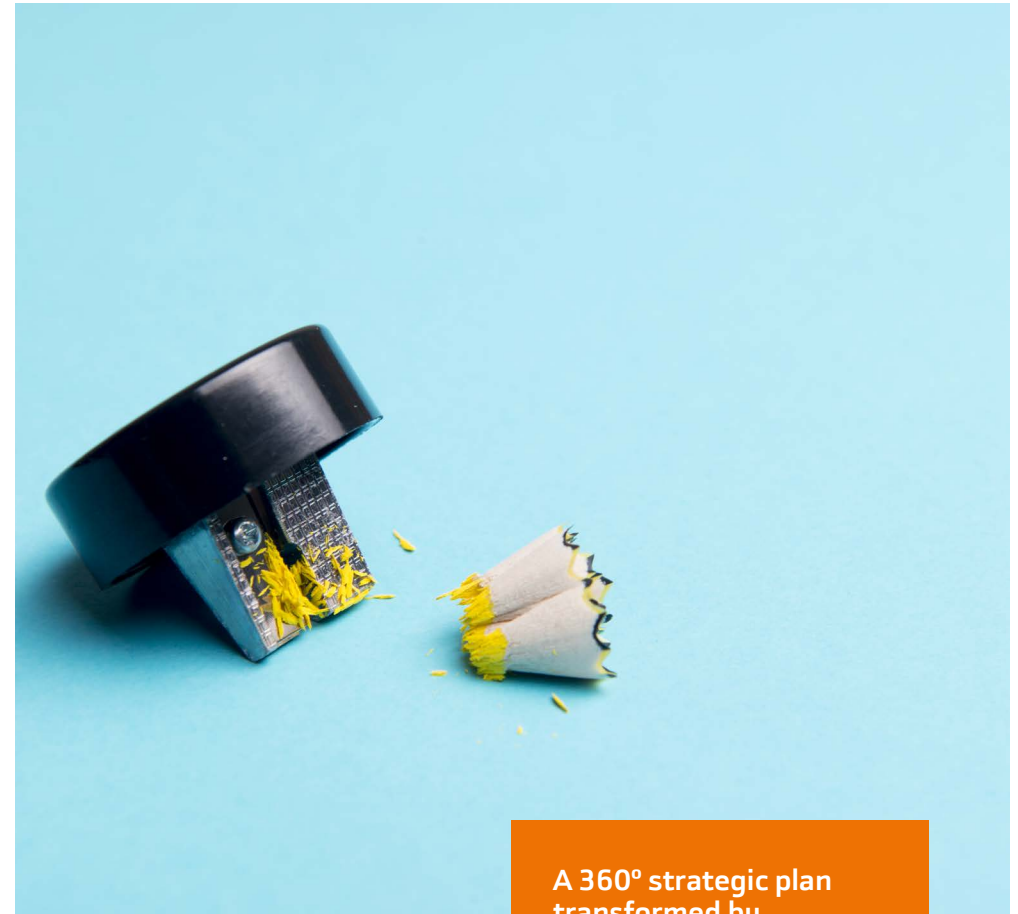
At the beginning of March, the Occupational Risk Prevention area set up a working group dedicated to informing, training and advising employees in relation to the health crisis, as well as guiding the internal measures necessary to fight the pandemic, in coordination with the areas of Real Estate and General Services and Purchasing.

Direct and individualised follow-up was also carried out of all infected workers and the people who potentially had contact with them at Bankinter's facilities. To this end, an action protocol was drawn up based on the instructions of the Ministry of Health, under strict safety and prudence criteria.

## Employee relations

With the aim of remaining close to its employees during the hardest phase of the lockdown and when the restrictions were eased, in the second half of March and throughout April, the Human Resources team made more than 5,000 calls to inquire about their health condition. In May, a plan to return to the office was developed, and between July and August informative sessions were held on the anti-COVID protocols.

One of the most important aspects of our relationship model involves informing employees of our human resources offering depending on their needs at any given moment. To this end, a campaign called #GestiónDePersonas @Vosotros was launched in September. In October, a new website was presented, which operates as a true digital self-service with effective and immediate solutions.



A 360° strategic plan transformed by COVID-19

## Training and talent

In 2020, we were able to deliver our intensive annual training plan, supporting development of the knowledge, competences and skills of the Bank's employees, with the necessary adaptations due to the impossibility of delivering in-person training after March. This training focused on three main areas of action:

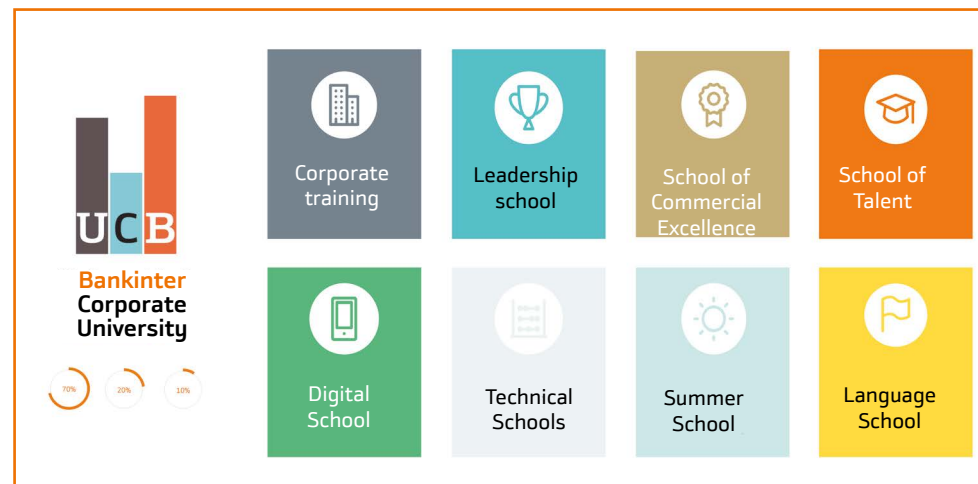
- **Regulatory compliance.** To meet the needs resulting from ever increasing regulation, and the new Real Estate Lending Law in particular, more than 2,300 employees from our commercial network and areas directly involved in the mortgage process received training in this area, with 96% of the people trained receiving official certification. To comply with EU directive MIFID II a training programme in providing financial advisory services for customers was developed, leading to 98% of the people requiring this certification having an updated version. Training was also delivered in relation to the Insurance Brokerage Law, with 97% compliance.
- **Rollout of the B-Líder programme.** Started in late 2017, the programme reached maturity in 2019 as a major leadership development and cultural transformation tool, involving 880 HR managers. Programme participants designed an individual development plan (through workshops, coaching, monitoring, etc.) to reach their highest leadership potential. All Bankinter's human resource managers will have done this by the end of 2021.

- **Consolidation of the comprehensive talent management model.** This defines the critical positions in the Bank and a succession plan for each one, and identifies the type of talent in certain groups in the Bank. In 2020, the second talent and succession review exercise was performed for the 82 management team members. There was a talent map for each area and all of the succession plans were updated.

In 2020, 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 contribution, identifying their strengths and areas of improvement, and providing quality feedback. During the year, 99.6% of the staff in Spain eligible for a performance assessment received one, with 95.2% of personnel managers being subject to bottom-up assessment.

The focal point for training at Bankinter is our Corporate University, where the learning and development of our professionals are promoted through their own proactivity and responsibility.

The Corporate University is divided into eight schools:



Over the course of 2020, 316 actions were launched, with 388,000 hours of training, 30% more than in 2019, 90% of them in online format. 99% of our employees received training over the year, with an average of 79 hours per employee. The NPS (satisfaction index) was 48.73% (moving annual average).

The Training and Talent areas worked on increasing the digital and technological training of employees, through specific, benchmark programmes that facilitate understanding of the current environment. They also focussed on continuing programmes to meet the demands resulting from the increasing regulation of banking activity, turning banking professionals into a highly qualified group.

These programmes are all inspired by a philosophy of personal growth, with employees being responsible for their own learning and development, and improving their skills by developing their strengths, creating a leadership culture that allows people managers to achieve their full potential.

One of the programmes is called Bdigital and aims to facilitate the development of Bankinter's culture, which is already innovative, towards a more digital culture, promoting digital behaviours and skills through agile methodologies and collaborative ways of working.

The ceaseless transformations in the digital world have made us focus on the need to attract, develop and retain new professional profiles to be successful in the new data era. To do this, we have developed a specific talent management model for STEAM profiles (science, technology, engineering, arts, mathematics), whose identification has taken into account academic training, specific data-driven training and experience in purely analytical or adjacent areas.

### Selection

The internal rotation or mobility policy (11% in 2020) allows employees to take on new challenges and develop professionally, while continuing to train continuously to adapt to new responsibilities. This promotes the transmission of knowledge and cultural integration in the case of international mobility (Bankinter in Luxembourg and Bankinter Portugal).

The Bank's priority for young talent was people's health at all times, without forgetting our commitment to the training and professional development of the young people who joined our internship programmes. For this reason, these internship programmes were suspended between March and September. They were restored from October so that university students could complete their internships in the same areas and locations that they had to leave in the spring.

### Corporate benefits

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

Employees can also join a flexible remuneration system, whereby they can partially substitute their fixed monetary remuneration for certain goods and services (remuneration in kind), such as nursery vouchers, shares, medical insurance, training, pension plan contributions, travels cards and restaurant cards.

Remuneration is improved 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 60% of employees use this flexible remuneration tool.

**The Bank has continued its commitment to internal talent, with internal mobility reaching 11% in 2020.**

## Pension schemes

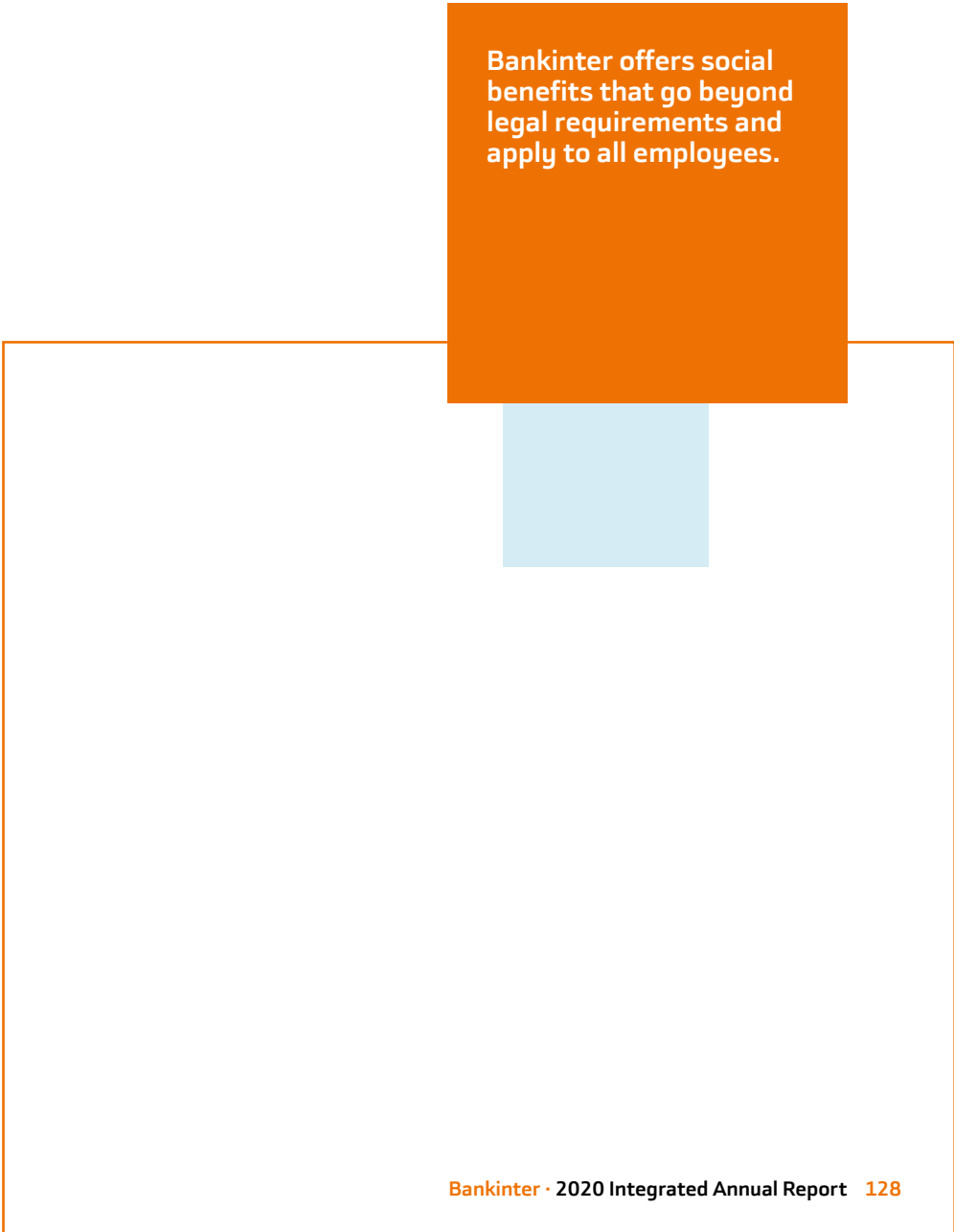
In long-term remuneration designed to cover certain contingencies, the Bank offers the following additional benefits:

- Supplementary cover additional to the benefits paid by Social Security for widowhood, orphanhood, permanent occupational disability, absolute permanent disability or severe disability. These are provided for the entire workforce.
- Cover of pension commitments for employees in service since before 1 March 1980, as set out in the sector collective bargaining agreement.
- Annual contribution of 450 euros to the pension plan, set up pursuant to the sector collective bargaining agreement, for employees with more than two years' service at the Bank and whose pension obligations are not covered by any other scheme.

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 real labour market and social integration or perform other activities, including leisure-related.

## Total remuneration

Bankinter has a total compensation platform that shows employees all the elements that are part of their compensation package. Not only fixed and variable compensation, but also social benefits and emotional compensation. The aim is for them to be able to check the set of measures that complement Bankinter's remuneration proposal. A proposal that aims to satisfy their personal, family and professional needs, improving their quality of life and promoting work-life balance.



**Bankinter offers social benefits that go beyond legal requirements and apply to all employees.**



# Awards and Recognition in 2020

## One of most sustainable companies in the world

- Member of the Dow Jones world Sustainability Index
- Member of the 'FTSE4Good' index
- 'Leadership' category in the CDP climate change rating
- MERCO Responsible Companies Ranking (#15)
- Universal Accessibility Certificate UNE 170001
- Environmental Management Certificate 14001

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



## One of the most reputable companies

- María Dolores Dancausa, Forbes Best CEOs in Spain (#7)
- María Dolores Dancausa, MERCO Leaders ranking (#8)
- MERCO Companies Ranking (#36)
- Forbes 2020 World's Best Banks
- Interbrand Best Spanish Brands (#23)
- Brand Finance Top 500 Global Brands (#219)



## One of the best companies to work for

- Top Employers Certificate
- Top 100 best companies to work for in Spain, according to Actualidad Económica (#24)
- Family-responsible company certificate



## Quality products and services

- Rankia Award for Best Salary Account
- HelpMyCash Award for the Best Account and the most supportive Ibex 35 bank with its customers
- Morningstar Award for the Best Spanish Equity Pension Plan (Plan BK Renta Variable España)
- FUNDS PEOPLE stamp, Rating B (Investment funds: Bankinter Cartera Privada Conservadora FI; Bankinter Cartera Privada Moderada FI; Bankinter Cartera Privada Dinámica FI; Bankinter Premium Conservador FI; Bankinter Premium Defensivo FI; Bankinter Premium Moderado FI; Bankinter Premium Dinámico FI; Bankinter Multiestrategia FI)
- ASSET financial excellence award for its financial support for companies
- ISO 22301 Business Continuity Certificate
- Information Security Certificate 27001



## 'Proxinvest Awards Europe 2020' for the Best 2020 Annual General Meeting



Grands Prix du Jury Proxinvest

## One of the best advertising campaigns

- Grand Efficiency Prize from the Asociación Española de Anunciantes
- Ondas Award for Radio Advertising



Appendix

2020 INTEGRATED  
ANNUAL REPORT



# 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 2020 to 31 December 2020, unless otherwise specified. The previous Report, referring to the year 2019, was published on 18 February 2020.

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.

The sustainability information in the Integrated Annual Report has been prepared in accordance with the Global Reporting Initiative.

In addition to the Annual Report, the Bank publishes consolidated quarterly results in January, April, July and October. Both reports are available on Bankinter's corporate website.

## Shareholders office

Alfonso Martínez Vaquero  
Avda. de Bruselas, 12  
28108 Alcobendas (Madrid)  
Tel.: 913398330-913397500  
Fax: 913397445  
Email: ofiaccionista@bankinter.com

## Customer service

Eloy Antonio López Hernández  
Avda. de Bruselas, 12  
28108 Alcobendas (Madrid)  
Tel.: 900 802 081  
Fax: 91 623 44 21  
Email: incidencias\_sac.bankinter@bankinter.com

## Investor relations

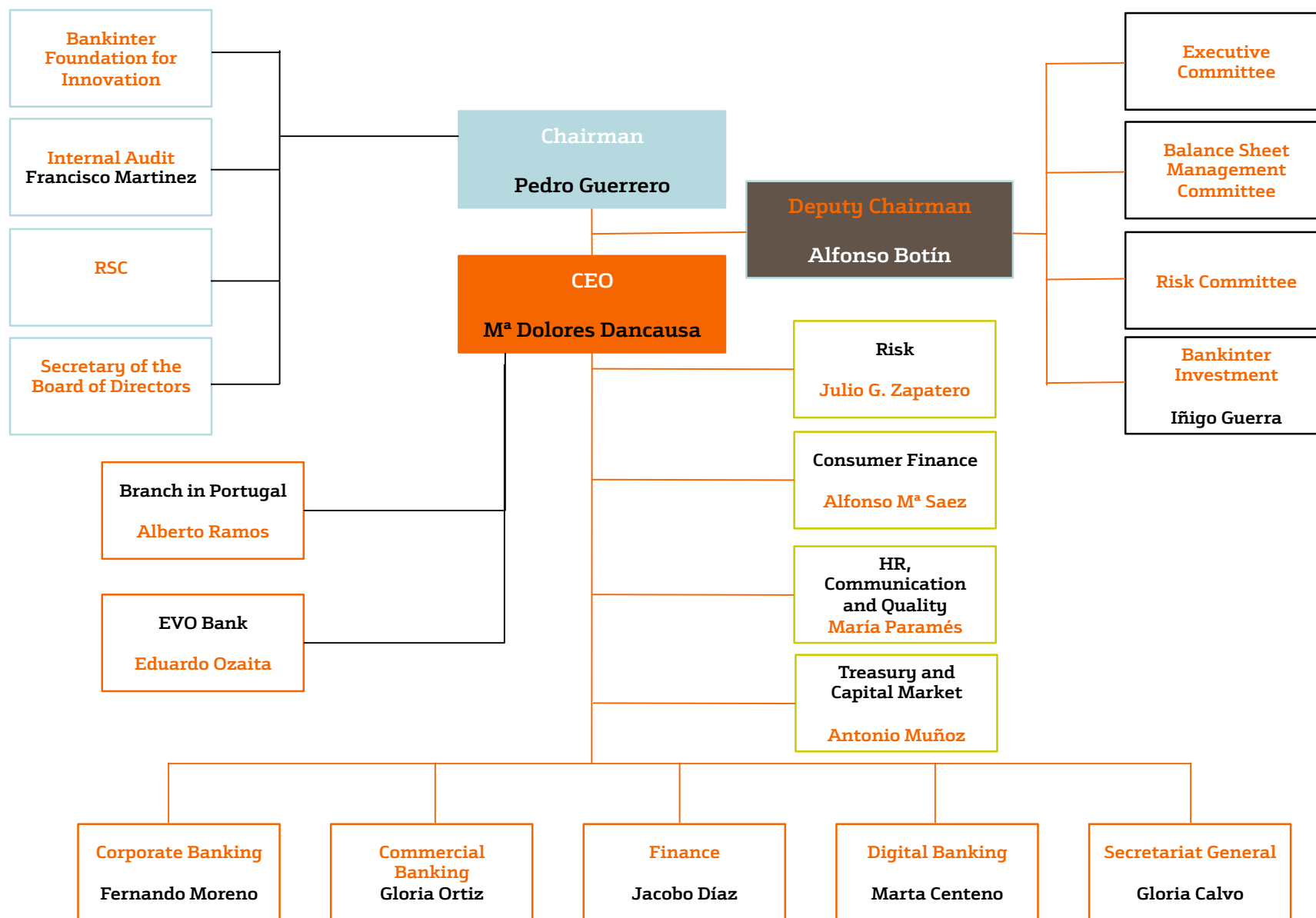
Alfonso Alfaro Llovera  
David López Finistrosa  
Pº de la Castellana, 29  
28046 Madrid  
Tel.: 91 339 75 00  
Email: Investor\_Relations@bankinter.com

## Corporate communication

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

## Service

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



## Board of directors

Position	Name/Company	Appointment	Last re-election	Upcoming re-election
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	2017	2021
Director	Fernando Masaveu Herrero	2005	2017	2021
Director	Rafael Mateu de Ros Cerezo	2009	2017	2021
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

Secretary (non director): Gloria Calvo Díaz

- 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
Juan Manuel Castaño Escudero	Canary Islands
Jacobo Cañellas Colmenares	Castile-La Mancha and Extremadura
Eduard Gallart Sullà	Catalonia
Antonio Berdiel Bitrián	Levante y Baleares
Maite Cañas Luzarraga	Madrid Corporate banking
Rafaela Vergara Ruiz	Madrid East
Ignacio Lozano Egea	Madrid West
Lucas Peinado Mataix	Navarre, Aragon, Rioja and Soria
Joaquín Da Silva Castaño	Northwest
Juan Manuel Astigarraga Capa	North