

BBVA

Creating Opportunities

1Q24 Covered Bond Presentation



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01

Regulatory changes to the legal regime for Covered Bonds

General considerations of Royal Decree - Law 24/2021

- **Although Spain has a legal framework for covered bonds (mortgage, Public Sector and Export Finance covered bonds)** where mortgage covered bonds are regulated by Law 2/1981, of 25 March, public sector by Law 44/2002 of 22 November and export finance covered bonds by Law 14/2013 of 27 September, **Directive 2019/2162 has established a new EU-wide harmonised covered bond framework.**
- This Directive has been transposed in Spain by Royal Decree-Law 24/2021, which comes into full force on 8 July 2022 and repeals the previous legal framework.
- **The purpose of Royal Decree-Law 24/2021 is to regulate the regime for the issuance, management and control of covered bonds,** establishing their characteristics, information obligations and investor protection mechanisms, and is applicable to covered bond issues by Spanish issuers.
- It is structured in **eight titles**, which include three main regulatory areas, such as: (i) the establishment of common principles for the issuance and supervision of covered bonds, (ii) the specificities of the different types of covered bonds and (iii) the public intervention of each issue throughout its life.
- With the approval of this regulation, the Spanish legal system has been brought into line with that of other benchmark economies as regards the treatment of covered bonds.

A very strong regulatory framework that offers greater protection to investors

1 ASSET SELECTION FOR THE COVER POOL Each covered bond programme has a cover pool made up of specific assets that act as collateral which issuer must assign individually for each covered bond programme

2 LIQUIDITY BUFFER Liquid assets covering net outflows for 180 days

3 OVERCOLLATERALIZATION A minimum level of over-collateralisation in all the Covered bond Programmes is set at 5%

4 ENHANCED SUPERVISION The Cover Pool Monitor must be designated and the authority of public oversight is extended.

5 SEGREGATION On-balance sheet through the accounting register forming in insolvency proceedings a separate estate

The "Royal Decree-Law 24/2021") states the following:

“ Credit institutions that have issued covered bonds in accordance with the regulations in force on the date of entry into force of Book One of this Royal Decree-Law **shall establish a procedure to ensure the neutrality and quality of assets transferred to the cover pool.** This procedure must allow the portfolio transferred to maintain a minimum level of credit quality, consistency between the average maturities of the loans and the maturity of the securities in circulation, geographical diversification and adequate granularity ”



BBVA's Covered Programmes comply with the requirements set out in the RDL and are qualified with a European Covered Bond "Premium" Label

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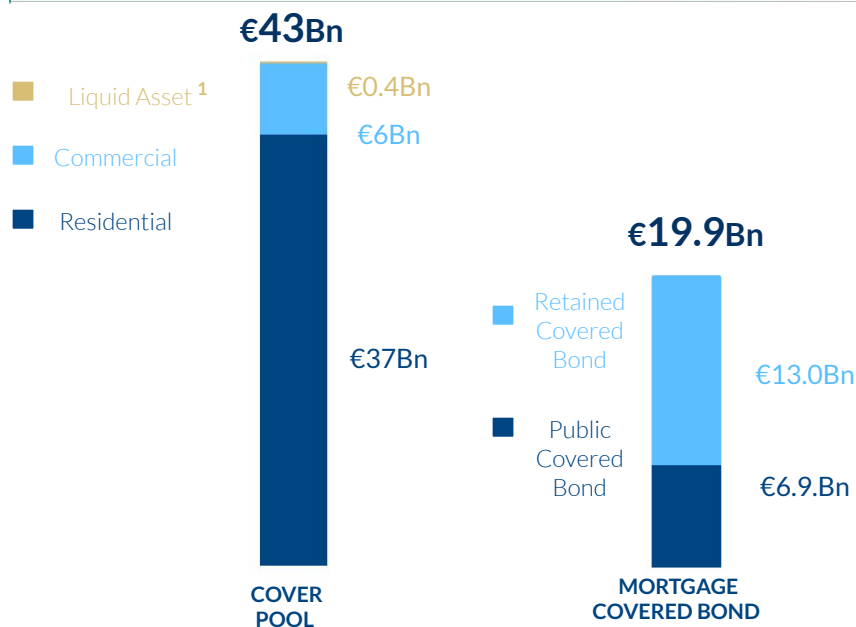
02

Mortgage Covered Bonds

Covered bonds fully backed by the cover pool with a strong issuance capacity of 21.42Bn

COVER POOL AND COVERED BOND BALANCE

MAR - 24 (€Bn)



ASSET AND LIABILITY MATURITY PROFILE

MAR - 24 (€Mn)



OC: level

121%

(minimum required:5%)

Cover Pool WAL

(Years)

9.85

Covered Bond WAL

(Years)

2.41

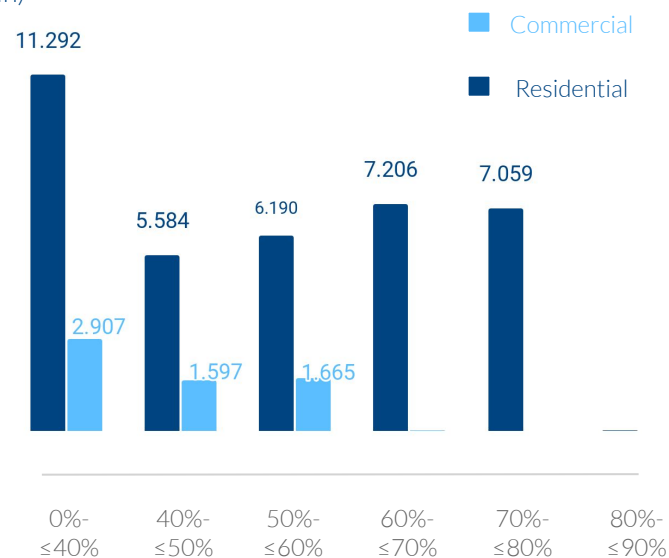
¹ Liquidity assets by 0,4Bn coming from the net accumulated outflow over the next 180 days

A high quality and well-diversified cover pool with a **high credit ratings** (Aa1 / AAA by Moody's & DBRS)

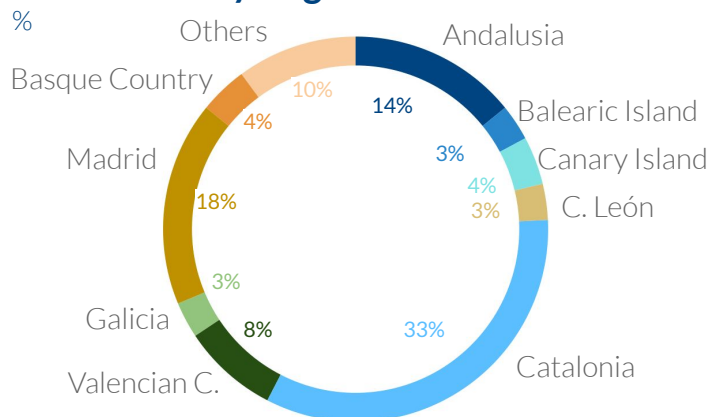
Currency	> 99% granted in EUR
N° of Loans	610.141
Covered Bond Rating (Moody's /DBRS)	Aa1 / AAA
Residential / Commercial Loans	86% / 14%
Floating/ Fixed	54% / 46%
WA Indexed LTV	50%
WA Seasoning (months)	105
WA Rem. Term (months)	205

Asset distribution by Indexed LTV

(€Mn)



Breakdown by Region



Mortgage cover pool stands out for its low risk profile, with a high stock of residential loans and a low WA indexed LTV

Primary residence stands at 78% of the residential portfolio followed by the second residence

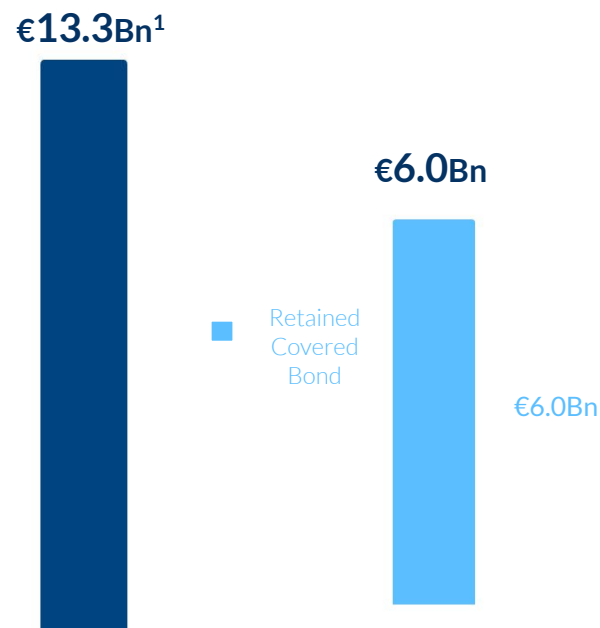
03

Public Sector Covered Bond

Meaningful overcollateralization levels providing strong issuance capacity of 6.5Bn

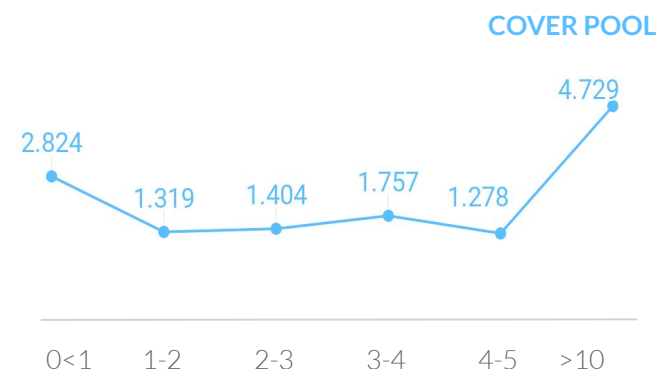
COVER POOL AND COVERED BOND BALANCE

MAR- 24 (€Bn)



ASSET AND LIABILITY MATURITY PROFILE

MAR - 24 (€Mn)



OC: level
120%
(minimum required:5%)

Cover Pool WAL
(Years)
4,3

Covered Bond WAL
(Years)
1.8

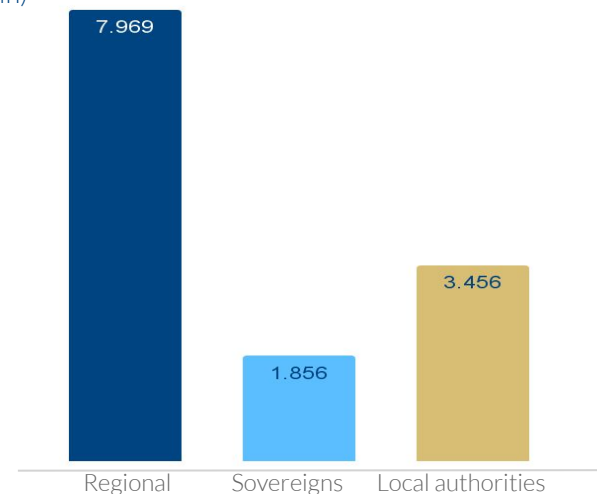
¹ Cover Pool includes a liquidity asset by 0,02Bn coming from the net accumulated outflow over the next 180 days

A high quality and well-diversified cover pool with a **high credit rating** (Aa1 by Moody's)

Currency	100% granted in EUR
N° of Loans	3.534
Covered Bond Rating (Moody's)	Aa1
Average Loan Size	3.764.361
Floating/ Fixed	38% / 62%
WA Seasoning (months)	46
WA Rem. Term (months)	83

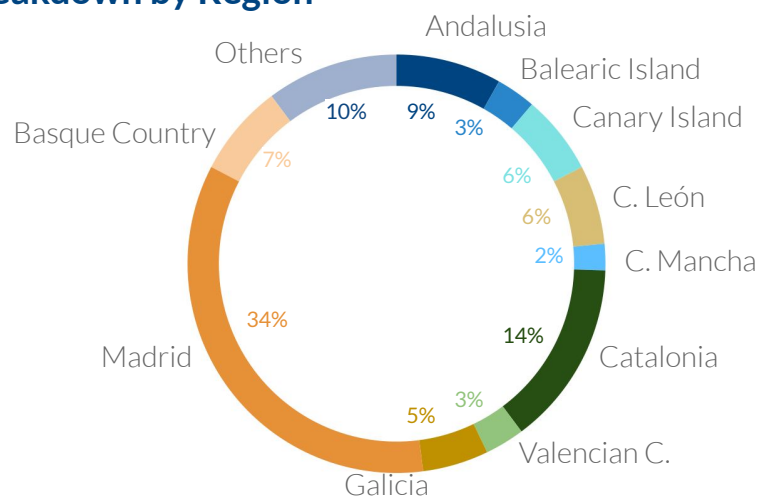
Breakdown by type of debtor

(€ Mn)



Breakdown by Region

%



BBVA has one of highest public sector cover pool size in the Spanish market

>99% of the cover pool is located in Spain

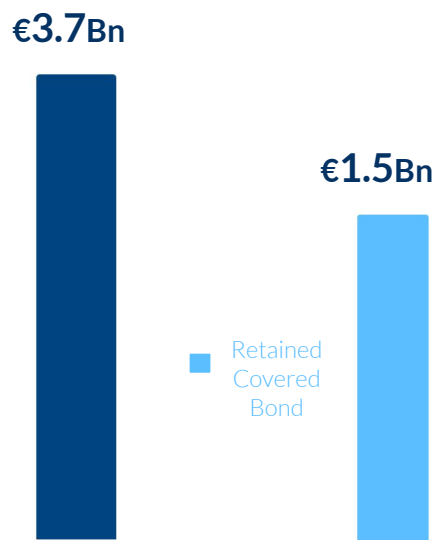
04

Export Financed Covered
Bond

Cover pool composed of export finance loans guaranteed by export credit agencies backed by the states they represent

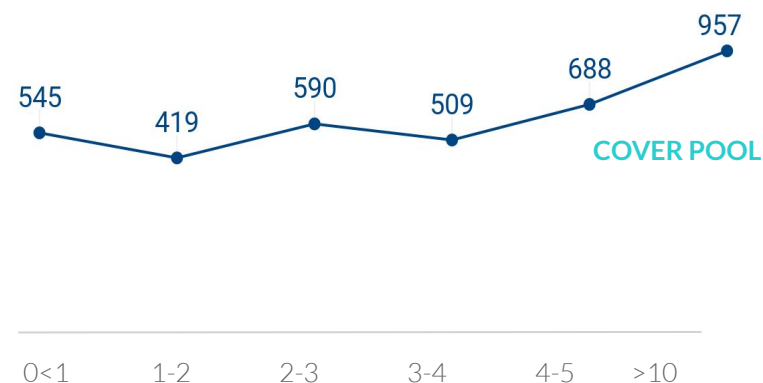
COVER POOL AND COVERED BOND BALANCE

MAR - 24 (€Bn)



ASSET AND LIABILITY MATURITY PROFILE

MAR- 24 (€Mn)



OC: level
147%
(minimum required:5%)

Cover Pool WAL
(Years)
4.1

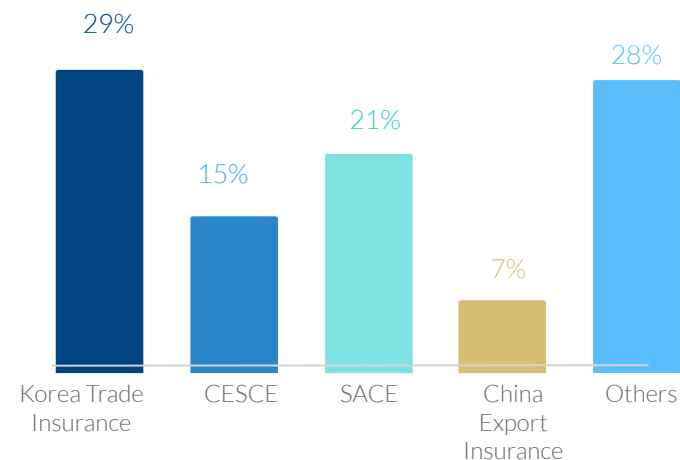
Covered Bond WAL
(Years)
3.9

Cover pool qualified with a **high credit ratings** (Aa1 by Moody's)

Currency	76% USD / 19% EUR / 5% others
N° of Loans	241
Covered Bond Rating (Moody's)	Aa1
Average Loan Size	15.386.433
Floating/ Fixed	74% / 26%
WA Seasoning (months)	42
WA Rem. Term (months)	73

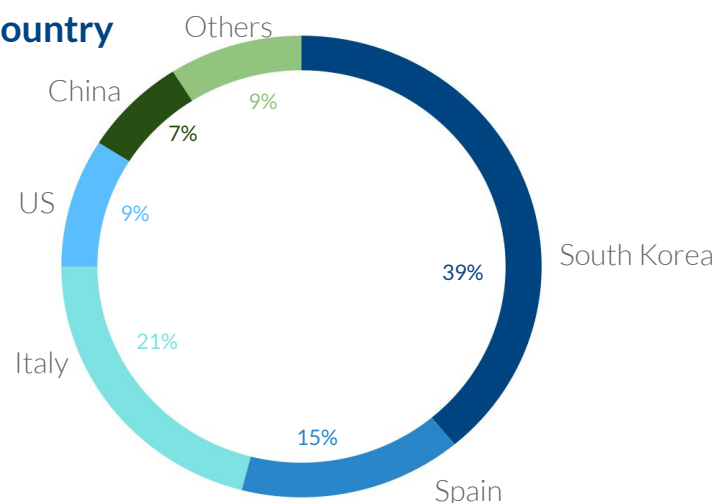
Breakdown by ECA Guarantee (%)

(%)



Breakdown by Country

%



Cover pool with an elevated number of borrowers distributed globally which receive credit protection from ECAs

Cover pool assets of €3,7Bn are backing €1,5Bn retained covered bond

05

Outstanding Covered Bonds

Mortgage Covered Bonds (1/2)

ISIN	Public/Retained	Amount (€Mn)	Issue Date	Maturity Date	Coupon
ES0413211816	Public	1.000	12/06/2014	12/06/2024	2,25 %
ES0413211071	Public	2.000	25/02/2005	25/02/2025	4 %
ES0317046003	Public	200	23/05/2005	21/05/2025	3,875%
ES0317046003-RETAP6	Public	60	23/05/2005	21/05/2025	3,875%
ES0317046003	Public	60	18/11/2005	23/05/2025	3,875%
ES0312342019	Public	51	30/06/2005	28/06/2025	3,75 %
ES0413211915	Public	1.000	22/11/2016	22/11/2026	0,875 %
ES0312298120	Public	100	25/05/2007	25/05/2027	4,76 %
ES0413211A75	Public	1.500	17/01/2023	17/07/2027	3,125 %
XS0308135291	Public	94	01/10/2007	01/10/2027	5.63 %

Mortgage Covered Bonds (2/2)

ISIN	Public/Retained	Amount (€Mn)	Issue Date	Maturity Date	Coupon
ES0371622020	Public	500	10/04/2006	08/04/2031	4,25%
ES0371622020	Public	150	04/07/2007	10/04/2031	4,25%
ES0413211147	Public	200	14/07/2006	02/02/2037	4,6%
ES0413211840	Retained	2.000	14/05/2015	14/05/2025	Eur(3m)+21pb
ES0413211A18	Retained	2.000	14/10/2020	14/10/2025	Eur(3m)+20pb
ES0413211A26	Retained	1.500	25/01/2021	25/01/2026	Eur(3m)+20pb
ES0413211A34	Retained	3.000	17/05/2021	17/05/2026	Eur(3m)+20pb
ES0413211923	Retained	3.000	15/01/2018	15/01/2028	Eur (12m) +10pb
ES0413211A59	Retained	1.500	02/02/2022	02/02/2027	Eur(3m)+10pb
	Total Amount (€Mn)	19.914			

Public Sector & Export Finance Covered Bonds

PUBLIC SECTOR COVERED BONDS

ISIN	Public/Retained	Amount (€Mn)	Issue Date	Maturity Date	Coupon
ES0413211980	Retained	500	14/10/2019	14/10/2024	3m+10 pbs
ES0413211998	Retained	1.500	12/06/2020	12/06/2025	3m+22 pbs
ES0413211A00	Retained	1.500	14/09/2020	14/09/2025	3m+22 pbs
ES0413211A42	Retained	2.000	20/10/2021	20/10/2026	3m+10 pbs
ES0413211A67	Retained	540	22/03/2022	22/03/2027	3m+10 pbs
	Total Amount (€Mn)	6.040			

EXPORT FINANCE COVERED BONDS

ISIN	Public/Retained	Amount (€Mn)	Issue Date	Maturity Date	Coupon
ES0413211A83	Retained	1.500	06/03/2023	06/03/2028	3m+35 pbs
	Total Amount (€Mn)	1.500			

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