

BBVA

# 3Q24 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

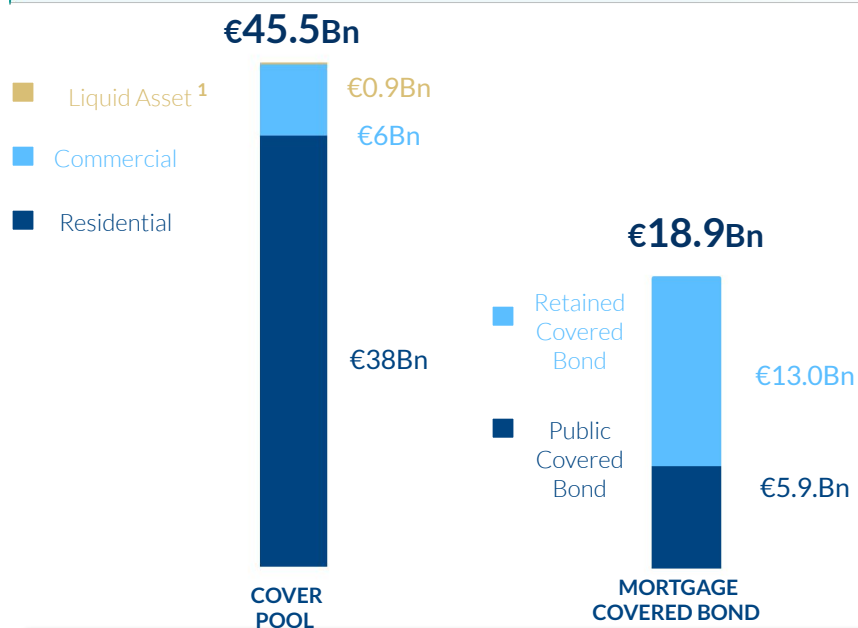
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Mortgage Covered Bonds

# Covered bonds fully backed by the cover pool with a strong issuance capacity of 26.6Bn

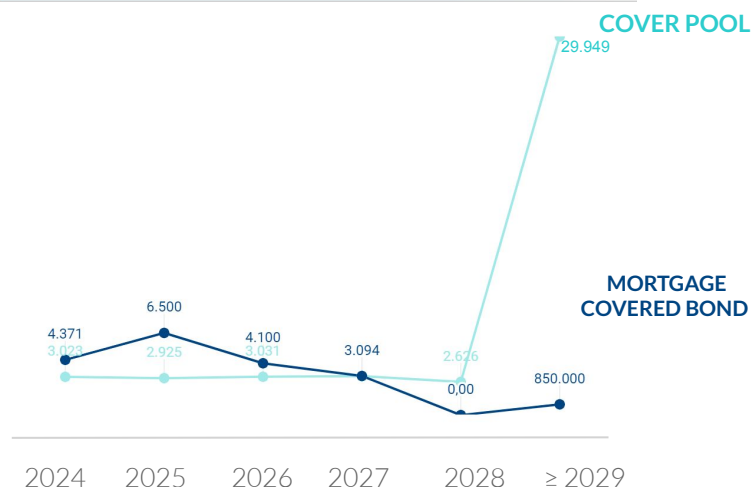
## COVER POOL AND COVERED BOND BALANCE

SEP - 24 (€Bn)



## ASSET AND LIABILITY MATURITY PROFILE

SEP - 24 (€Mn)



OC: level

141%

(minimum required:5%)

Cover Pool WAL

(Years)

9.94

Covered Bond WAL

(Years)

2.02

<sup>1</sup> Liquidity assets by 0,9Bn coming from the net accumulated outflow over the next 180 days

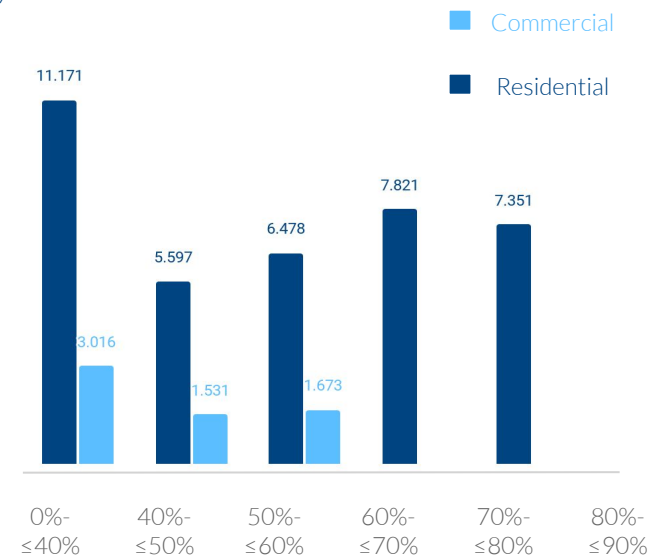


# A high quality and well-diversified cover pool with a **high credit ratings** (Aa1 / AAA by Moody's & DBRS)

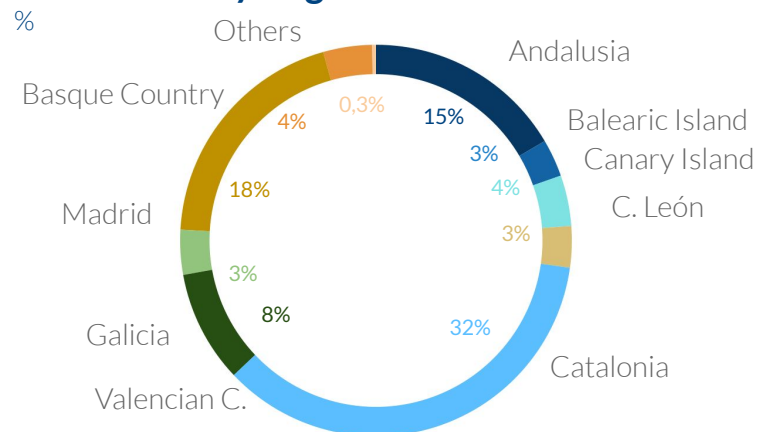
|                                     |                     |
|-------------------------------------|---------------------|
| Currency                            | >99% granted in EUR |
| N° of Loans                         | 605.385             |
| Covered Bond Rating (Moody's /DBRS) | Aa1 / AAA           |
| Residential / Commercial Loans      | 86% / 14%           |
| Floating/ Fixed                     | 52% / 48%           |
| WA Indexed LTV                      | 50%                 |
| WA Seasoning (months)               | 103                 |
| WA Rem. Term (months)               | 209                 |

## 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 79% of the residential portfolio followed by the second residence

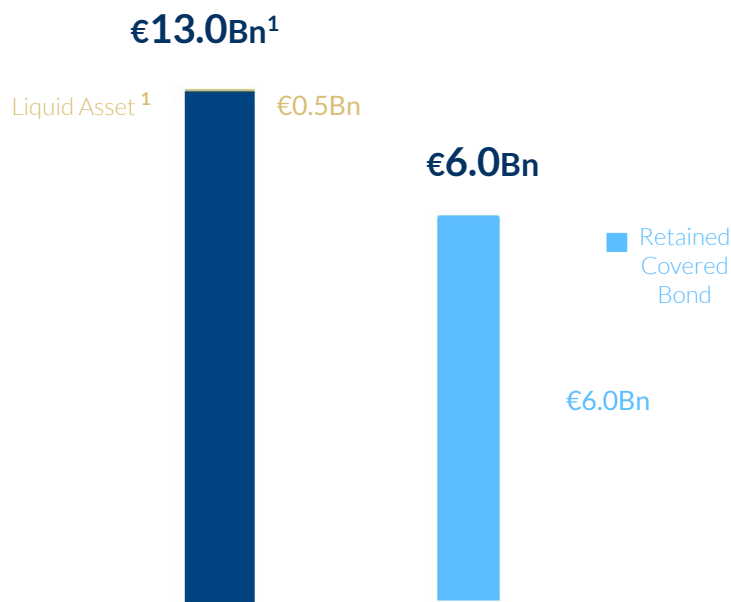
03

# Public Sector Covered Bond

# Meaningful overcollateralization levels providing strong issuance capacity of 7.0Bn

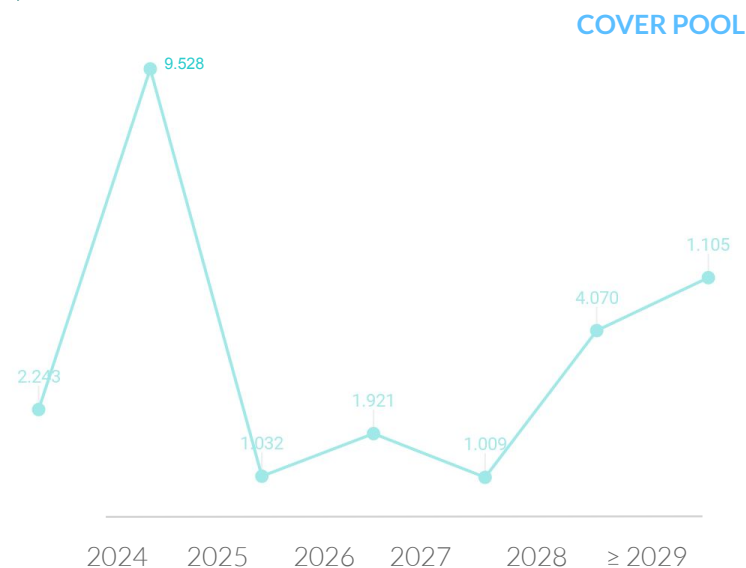
## COVER POOL AND COVERED BOND BALANCE

SEP- 24 (€Bn)



## ASSET AND LIABILITY MATURITY PROFILE

SEP - 24 (€Mn)



OC: level  
115%

(minimum required:5%)

Cover Pool WAL  
(Years)  
4,6

Covered Bond WAL  
(Years)  
1,3

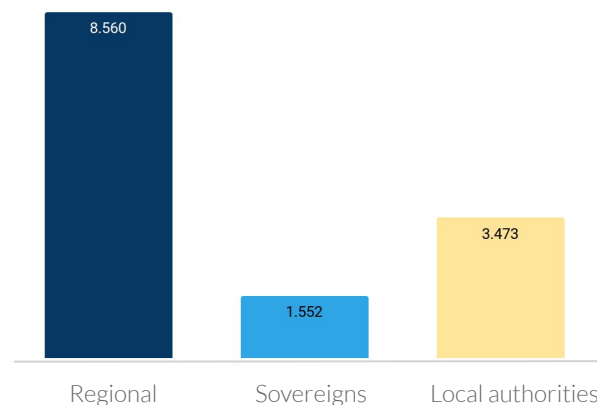
<sup>1</sup> Cover Pool includes a liquidity asset by 0,5Bn coming from the net accumulated outflow over the next 180 days

# 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                   | 3.461               |
| Covered Bond Rating (Moody's) | Aa1                 |
| Average Loan Size             | 3.615.482,23        |
| Floating/ Fixed               | 46% / 54%           |
| WA Seasoning (months)         | 48                  |
| WA Rem. Term (months)         | 92                  |

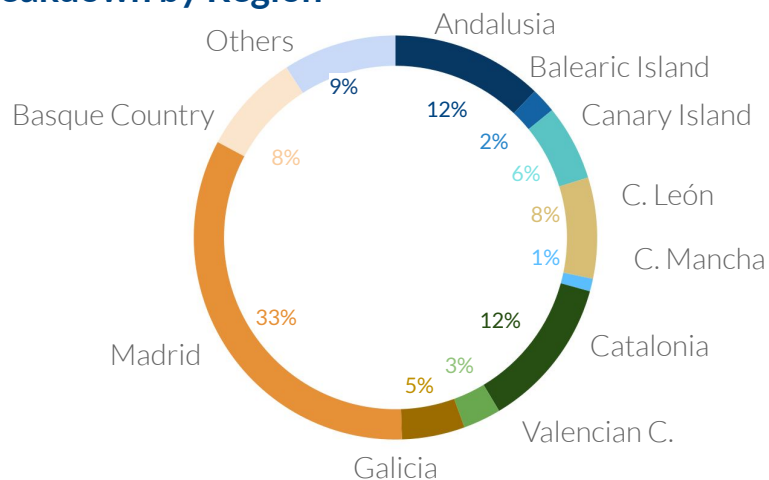
## Breakdown by type of debtor

(€ 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

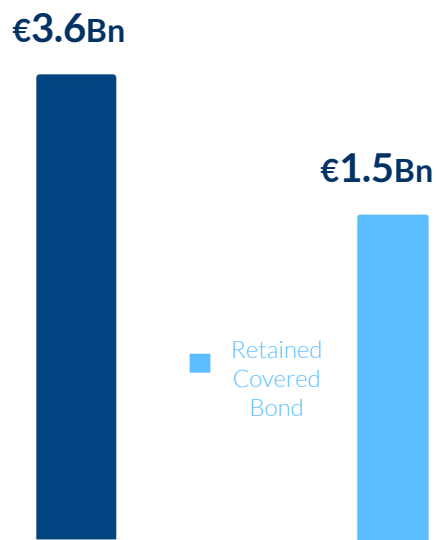
04

Export Financed Covered  
Bond

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

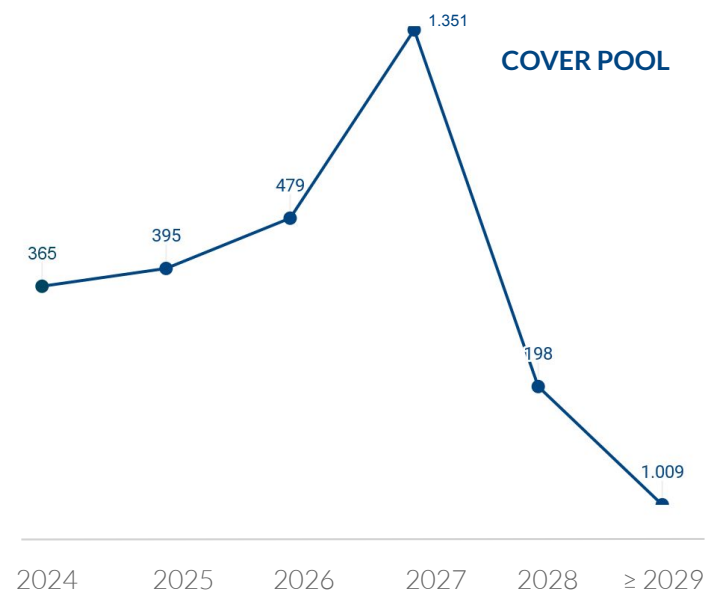
### COVER POOL AND COVERED BOND BALANCE

SEP - 24 (€Bn)



### ASSET AND LIABILITY MATURITY PROFILE

SEP- 24 (€Mn)



OC: level  
139%

(minimum required:5%)

Cover Pool WAL  
(Years)  
5.03

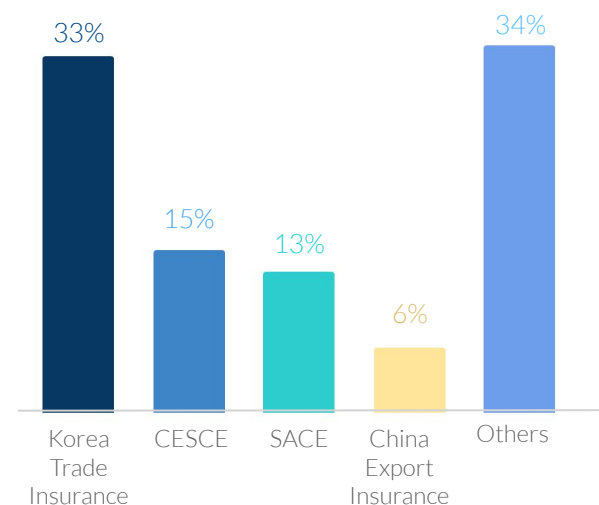
Covered Bond WAL  
(Years)  
3.43

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

|                               |                               |
|-------------------------------|-------------------------------|
| Currency                      | 72% USD / 24% EUR / 4% others |
| N° of Loans                   | 194                           |
| Covered Bond Rating (Moody's) | Aa1                           |
| Average Loan Size             | 18.465.852,10                 |
| Floating/ Fixed               | 78% / 22%                     |
| WA Seasoning (months)         | 40                            |
| WA Rem. Term (months)         | 96                            |

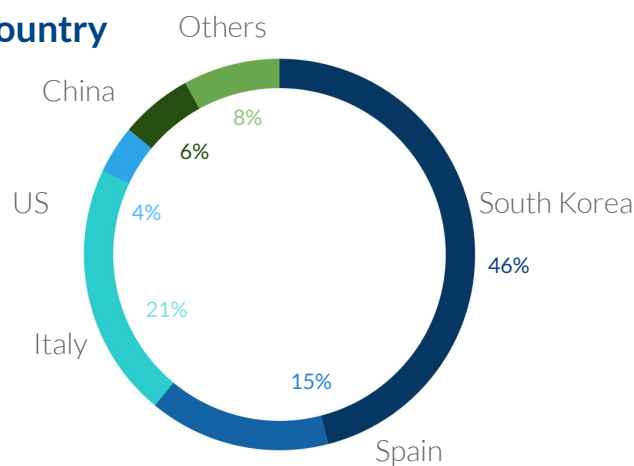
## Breakdown by ECA Guarantee (%)

(%)



## Breakdown by Country

%



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

Cover pool assets of €3,6Bn 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  |
|---------------------|-----------------|--------------|------------|---------------|---------|
| 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    |
|              | <b>Total Amount (€Mn)</b> | <b>18.914</b> |            |               |                 |

# 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 |
|              | <b>Total Amount (€Mn)</b> | <b>6.040</b> |            |               |           |

## 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 |
|              | <b>Total Amount (€Mn)</b> | <b>1.500</b> |            |               |           |

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