



kutxabank

**Covered Bond programme**

1Q2023

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# Covered Bond programme

## Programme overview

### Issuer/guarantor

Kutxabank S.A.

### Primary assets

- i. Loans secured by residential properties up to the 80% of the value of the pledged properties
- ii. Exposures to or guaranteed by central governments, ESCB central banks, public sector entities, regional governments or local authorities in the Union

### Substitute assets

Both coverage pools may include substitute assets up to 10% of the principal amount of the covered bonds they back

### Liquidity buffer

Both type of cover pool must include at all times a liquidity buffer made up of available high quality liquid assets in accordance with Article 11.3 of RDL 24/2021 to cover the maximum cumulative net liquidity outflow over the next 180 days

### Derivative contracts

Both type of cover pool may include derivative contracts in accordance with the requirements set forth in article 12 of RDL 24/2021

### OC

Issuances of covered bonds under this Programme will have an OC level equal to the greater of (i) the Legal OC (105%) and (ii) the Voluntary or Contractual OC

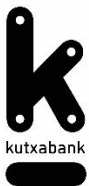
### Extendable maturity structures

Covered bonds issued under this Programme may have extendable maturity structures when any of the circumstances specified in article 15.2 of RDL 24/2021 occur, provided that such circumstances are adequately specified in the contractual terms and conditions of the covered bonds

Bonds issued under this programme can use the label **European premium Covered Bond**



<https://www.bde.es/bde/en/secciones/servicios/autorizacion-de-programas-de-bonos-garantizados-3bec373d9d49181.html>



# Covered Bond programme

## Active cover pool overview

**100% prime  
residential  
cover pool**

|                              |                    |                |
|------------------------------|--------------------|----------------|
| <b>Outstanding bonds</b>     | <b>EUR million</b> | <b>1,250.0</b> |
| <i>o/w retained</i>          | <i>EUR million</i> | -              |
| Number of transactions       | Units              | 3              |
| <b>Total cover pool</b>      | <b>EUR million</b> | <b>2,122.7</b> |
| <i>o/w Primary assets</i>    | <i>EUR million</i> | <i>1,982.2</i> |
| <i>o/w Liquid assets</i>     | <i>EUR million</i> | <i>140.4</i>   |
| <i>o/w Substitute assets</i> | <i>EUR million</i> | -              |
| <b>Legal OC</b>              | <b>%</b>           | <b>5.0%</b>    |
| <b>Current nominal OC</b>    | <b>%</b>           | <b>69.8%</b>   |
| Credit rating                | Moody's/S&P        | Aa1/AA+        |

Potentially eligible  
portfolio  
Residential mortgages  
**EUR21bn**



# Covered Bond programme

## Outstanding bonds

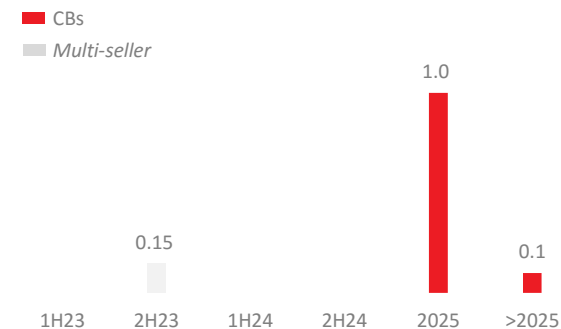
### Covered Bonds (“Cédulas Hipotecarias”)

| ISIN code    | Issue date | Maturity  | Maturity type | Outstanding (EUR Mn) | Coupon type | Coupon | Currency | LCR status | Premium | ESG aspect            |
|--------------|------------|-----------|---------------|----------------------|-------------|--------|----------|------------|---------|-----------------------|
| ES0443307063 | 9/22/2015  | 9/22/2025 | Hard bullet   | 1,000                | Fixed       | 1.25%  | EUR      | Level 1B   | ✓       | Social <sup>(1)</sup> |
| ES0443307022 | 5/21/2013  | 5/21/2026 | Hard bullet   | 100                  | Fixed       | 3.68%  | EUR      | -          | ✓       | -                     |

### Multi-seller Covered Bonds (“Cédulas Hipotecarias multi”)

| Programme ID | Ref ISIN Code | Issue date | Maturity   | Maturity type | Kb/Total  | Coupon type | Coupon | Currency | LCR status |
|--------------|---------------|------------|------------|---------------|-----------|-------------|--------|----------|------------|
| AyT CCG s10  | ES0312298096  | 10/23/2006 | 10/23/2023 | Hard bullet   | 150/1,600 | Fixed       | 4.25%  | EUR      | -          |

### Bond maturity profile (EUR billion)



The Covered Bond Label is a quality Label which responds to a market-wide request for improved standards and increased transparency in the covered bond market. Common Harmonised Transparency Template (HTT) across jurisdictions for all covered bond issuers which hold the Covered Bond Label, which facilitates investors' due diligence and cross-border comparison of data in a centralised way and in a comparable format.

kutxabank joined the initiative from the moment it was launched.

<sup>(1)</sup> Kutxabank launched the first SRI/Social Bond from an Spanish Financial Institution and the largest SRI Covered Bond until that time. The bond is aimed at financing lending activities that support low-income individuals and families with access to adequate accommodation. The use o proceeds are being used for financing existing VPO-Social housing purchasing loans and to finance new loans and new social housing projects during the term of the Social covered bond.



# Covered Bond programme

## Cover pool risk management

**Eligibility criteria:**

- The real estate mortgage securing the loans must be constituted with first rank over the full ownership of the entire property.
- The procedure for registration and cancellation of previous charges (if applicable) must be completed.
- The term of amortization, understood as the pending term until the completion of the guaranteed loan, when it finances the acquisition, construction or rehabilitation of the habitual residence, may not exceed 30 years.
- If, as a consequence of the amortization of a loan initially ineligible for exceeding the indicated limits, the corresponding thresholds are reached, the loan with mortgage guarantee may be eligible as a collateral asset from that moment on.
- When, due to the deterioration of the collateral, at any time after its incorporation into the coverage pool, the loan exceeds the limits established in the preceding paragraph, such loan shall be computed up to the limit indicated therein.
- The mortgaged property shall be insured against damages, at least for the appraised value.
- For the purposes of determining the guarantees, their inclusion shall be limited to those located in Spain and France.

### Management criteria

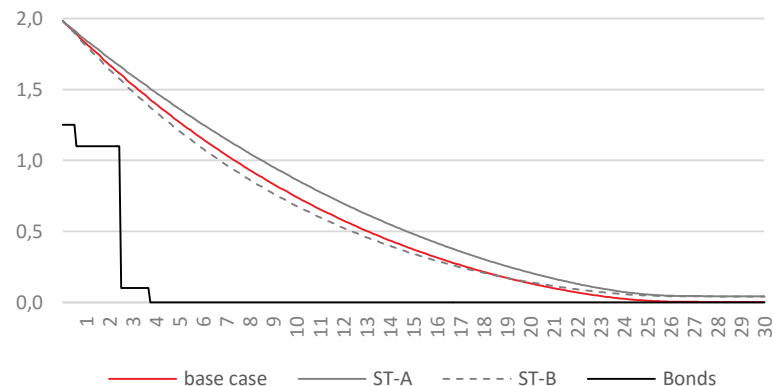
- Maturity profile
- Granularity
- Geographic diversification
- Overcollateralization

### Stress testing

Simulations will be carried out in order to verify the capacity of the cover pool to meet the payments of the bonds issued in the event of a worsening of macroeconomic conditions in general and of the debtors' payment behavior in particular.

- ✓ Early repayments
- ✓ Defaults
- ✓ Recovery value
- ✓ Collateral deterioration
- ✓ Interest rate variations

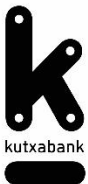
Assets and Liabilities maturity profile (EUR billion)



Base case  
**NAV>0**  
OC at PV= 135.9%

ST-A: i +200bp &  
Prepayment reduction  
**NAV>0**  
OC at PV= 117.2%

ST-B: i -200bp &  
Prepayment increase  
**NAV>0**  
OC at PV= 149.6%



# Primary assets in detail

## Primary asset summary



|                             |              |         |
|-----------------------------|--------------|---------|
| Outstanding balance         | EUR million  | 1,982.2 |
| Residential assets          | EUR million  | 1,982.2 |
| Commercial assets           | EUR million  | 0       |
| Number of loans             | units        | 15,842  |
| Average loan size           | EUR thousand | 125.1   |
| Number of borrowers         | Units        | 25,290  |
| WA LTV                      | %            | 54.0    |
| WA Seasoning                | Months       | 60.3    |
| WA Life                     | Years        | 8.8     |
| WA Rate                     | %            | 2.56    |
| WARate (floating rate only) | %            | 3.16    |
| Arrears >90 days            | EUR million  | 0.01    |

Type of property





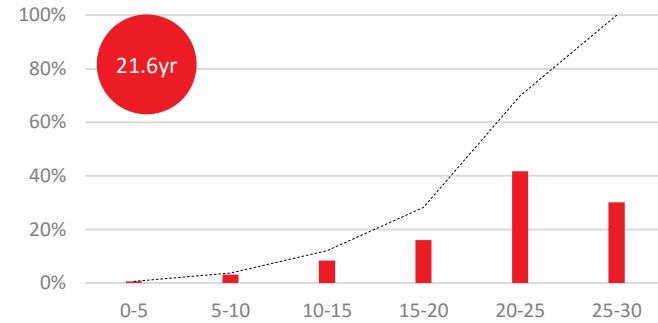
# Primary assets in detail

## Primary asset breakdown

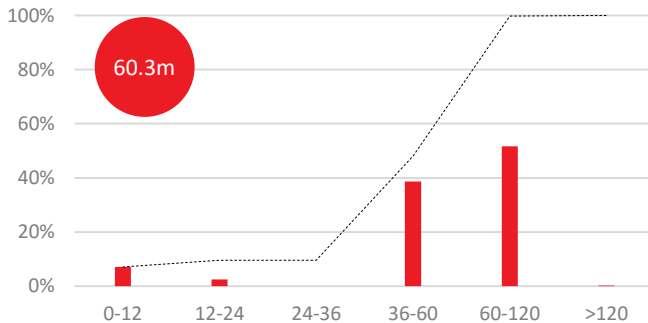
By Type of interest rate



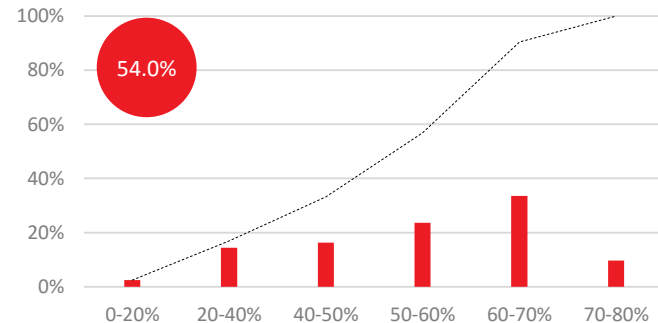
By WA Maturity



By WA Seasoning



By WA LTV



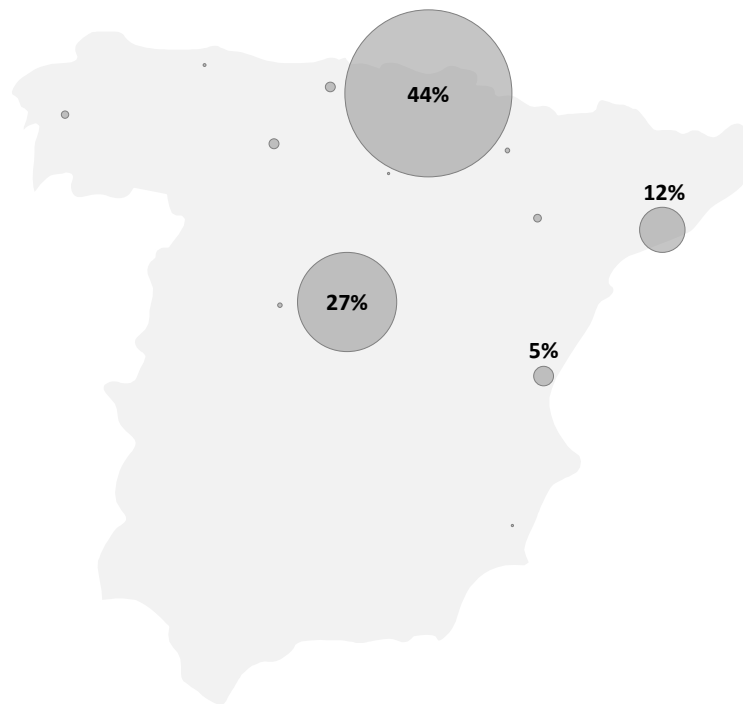
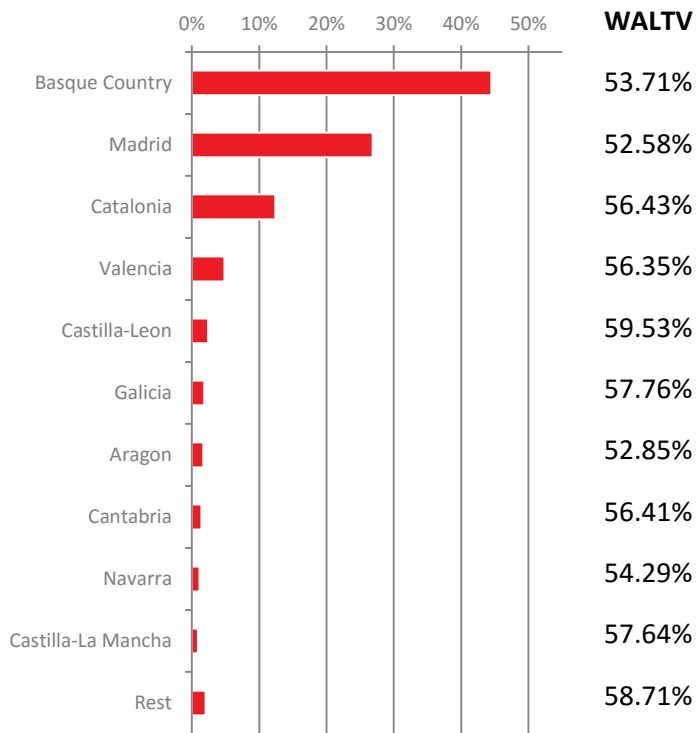




# Primary assets in detail

## Primary asset breakdown

Geographic distribution





## Kutxabank's Investor Relations Team

investor.relations@kutxabank.es

10 Portuetxe  
20018, Donostia-San Sebastian

T. +34 943 001271/1233

www.kutxabank.com

30 Gran Vía  
48009 Bilbao

# Kutxabank, more than 100 years creating economic and social value through a distinctive way of doing

• **Remarkable financial strength**  
Most solvent banking group in Spain according to EBA

• **Most effective social impact per capita**  
through dividends to its owners (BBK, Kutxa, Vital banking foundations)

• **Lowest P2R among Spanish banks**  
(Ranking 6th all across Europe) and Lowest MREL requirement among Spanish Banks

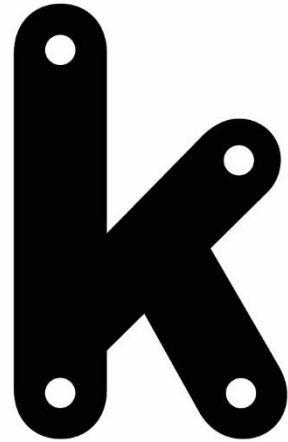
Socially and environmentally sustainable:  
• **Positive net impact on carbon footprint**

Long-lasting and reliable financial sustainability. Once again at the top.

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