

# SPANISH COVERED BOND & SECURITIZATION STATISTICS

Data provided by AIAF (Rector Society of the Financial Market)

January 2015

## 1. Issuance

The more stable environment observed in the capital markets in the second half of 2013 was confirmed in 2014. In addition to some economic recovery, a series of milestones helped to ensure this stability and to improve the access of the Spanish financial institutions to the wholesale funding markets. In particular, it is worth to note:

- The comprehensive assessment carried out by the ECB, the results of which were published in October confirming the soundness of the Spanish Financial System.
- The upgrade of the Spanish government bond rating by some of the main rating agencies and the raise of the country ceilings, which benefited the rating of both Spanish issuers and their issuances.
- And the announcement made by the ECB in the 4th quarter of an asset-backed securities purchase program (ABSPP) and a covered bond purchase program (CBPP3), with an estimated duration of two years.

In this context, mortgage securities have remained a significant funding tool for Spanish banks. However, their use has been limited by the evolution of the mortgage portfolio. It should be noted that, despite the positive evolution of gross lending throughout the year, total outstanding mortgage lending continued to decline in 2014, recording an estimated<sup>1</sup> decline of 8% at the end of the year.

In these regards, according to the data provided by AIAF, during 2014 **the total volume of mortgage securities admitted to trading** (including covered bonds and RMBS) was EUR 41.7bn, which represents a 19.5% increase compared to 2013.

The Spanish Covered Bond (**Cédula Hipotecaria –CH**) remained the main funding tool in the period, although it was observed a slight decrease in the total volume issued compared to the previous year. In 2014 CH issuance amounted to EUR 24.4bn, 3.8% less than in 2013. There was not any issuance of Multi-seller Covered Bond in the period.

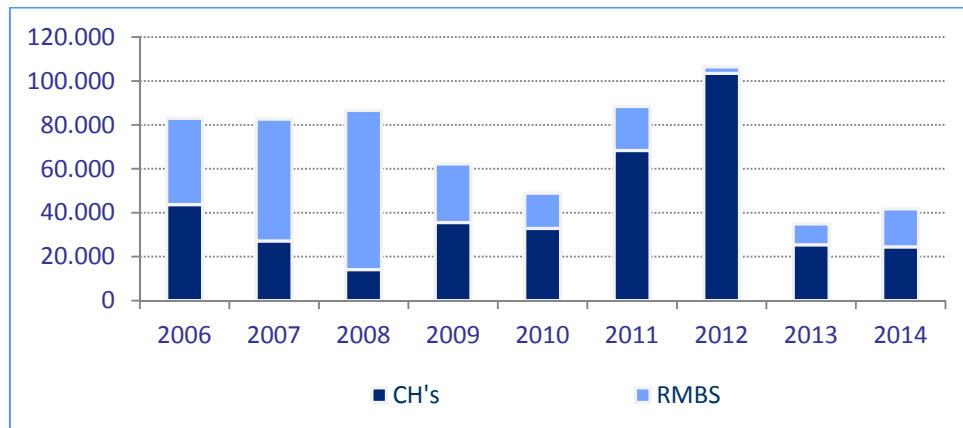
**Residential Mortgage Backed Securities** (–RMBS) recorded an upward trend in the last two years, although the volumes admitted to trading still remained far below the pre-crisis volumes.

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<sup>1</sup> Estimation made up by the Spanish Mortgage Association with data corresponding to October 2014

RMBS total issuance volume in 2014 was EUR 17.3bn, compared to EUR 9.5bn in 2013. Issues were concentrated in the months of July and December, and most of them were retained.

> Chart 1: Yearly development of admissions (Euro million)



## 2. Outstanding

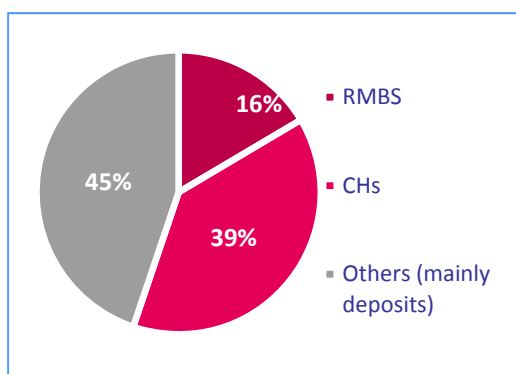
At the end of 2014, the **outstanding mortgage securities** fell by 11.0% compared to 2013, accounting for EUR 401.2bn.

By type of instrument, EUR 281.3bn were CH (single and multi-seller), decreasing by 11.2% compared to December 2013. Meanwhile, outstanding RMBS (both issued by mortgage securitization funds -Fondos de Titulización Hipotecaria- and asset securitization funds -Fondos de Titulización de Activos-) decreased slightly by 2.5%, reaching EUR 119.9bn.

As regards the outstanding amount of mortgage credit, it is estimated that around 54% of the mortgage portfolio was funded through outstanding mortgage securities.

### > Annex: Additional information

#### Mortgage Funding Mix (December 14)



#### Information relating to the portfolio (% and EUR bn)

	Q4 2014
Total outstanding mortgage loans (Nov)	727.055
Outstanding residential mortgage loans (Sep)	571.375
Eligible pool (% over total mortgage pool)	62%
Private sector NPL (Nov)	12,9%
Residential mortgage lending NPL (Sep)	6,0%
Total outstanding covered bonds (Dec)	281.299
% of the mortgage pool	39%
Total outstanding RMBS (Dec)	119.931
% of the mortgage pool	16%

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ISSUANCE (Euro Million)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2008	14.150	33.860	72.413	120.423
2009	35.569	15.618	26.621	77.808
2010	32.861	14.160	16.045	63.066
2011	68.347	5.800	17.899	92.045
2012	103.470	1.000	2.893	107.363
<b>2013</b>	<b>25.400</b>	<b>0</b>	<b>9.528</b>	<b>34.927</b>
<b>2014</b>	<b>24.438</b>	<b>0</b>	<b>17.310</b>	<b>41.748</b>

OUTSTANDING VOLUME (Euro Million)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2008	162.466	146.113	186.759	495.337
2009	185.344	151.406	189.162	525.912
2010	195.735	147.666	182.794	526.195
2011	241.150	128.058	167.537	536.745
2012	293.143	108.397	124.247	525.786
2013	246.968	86.970	117.006	450.944
<b>2014</b>	<b>208.314</b>	<b>72.985</b>	<b>119.931</b>	<b>401.231</b>

Year on year variation of the outstanding volumes (%)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2008	7,7%	25,9%	42,7%	24,5%
2009	14,1%	3,6%	1,3%	6,2%
2010	5,6%	-2,5%	-3,4%	0,1%
2011	23,2%	-13,3%	-8,3%	2,0%
2012	21,6%	-15,4%	-25,8%	-2,0%
2013	-15,8%	-19,8%	-5,8%	-14,2%
<b>2014</b>	<b>-15,7%</b>	<b>-16,1%</b>	<b>2,5%</b>	<b>-11,0%</b>

Total outstanding volumes VS Total outstanding mortgage lending (%)			
	Total Cédulas Hipotecarias (single and multiseller)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2008	28,3%	17,2%	45,5%
2009	30,6%	17,2%	47,8%
2010	31,9%	17,0%	48,9%
2011	36,7%	16,6%	53,3%
2012	45,8%	14,2%	60,0%
2013	43,2%	15,1%	58,4%
<b>nov-14</b>	<b>38,5%</b>	<b>15,5%</b>	<b>54,0%</b>

(\*) Multiseller covered bonds = Cédulas Hipotecarias in a CDO structure

(\*\*) Estimation