

## NEW SERIES ON OUTSTANDING MORTGAGE CREDIT

To adapt the content of public and reserved financial information from financial statement models to the criteria for the elaboration, terminology, definitions and formats of states known as FINREP (Financial Reporting) in the EU regulations has been one of the main objectives pursued by the introduction and adoption of the regulatory changes contained in the **Banco de España Circular 5/2014 of 28 November**, amending *Circular 4/2004 on public and reserved financial information, and financial statement models*.

This Circular (5/2014) in its Sole Final Provision provided that the entry into force of the changes made to the financial statements affected by our activity would take place on 30 September 2015. However, subsequently, pursuant to the **Banco de España Circular 3/2015 of 29 July**, the abovementioned provision was amended by deferring the entry into force of those amendments to 31 March 2017.

Consequently, the adoption of these new criteria by Banco de España has affected, in particular, the Spanish mortgage credit series formerly provided by Banco de España. Some of the most significant changes include:

- The demise of the outstanding mortgage credit series, which included credit both inside balance sheets of credit institutions and outside by means of securitisation. The new mortgage series only reports on data on the outstanding mortgage loans inside the balance sheets of the reporting entities operating in the Spanish mortgage market, without providing information on the outstanding balance of mortgage backed securities outside credit institutions balance sheets.
- The new data provided under the heading "Outstanding mortgage credit to Other Resident Sectors (in Spanish SPR/OSR) with real estate collateral" result from the applications and technical considerations detailed in the table below:

	NEW MORTGAGE SERIES 2017	FORMER SERIES
<b>Collateral <sup>(1)</sup></b>	Real Estate	Mortgage
<b>Scope of application</b>	Transactions in Spain	Total transactions
<b>Purpose</b>	Total Lending to OSR	Total Lending to OSR
<b>Reporting entities</b>	Banks, Saving Banks and Credit Cooperatives	Banks, Credit Cooperatives and Credit Financial Institutions
<b>Seasonality</b>	Every six months	Monthly
<b>Technical considerations</b>	<p>It includes non-performing loans</p> <p>It does not include securitised assets remove from the balance sheet</p>	<p>It does not include non-performing loans</p> <p>The data on securitised off-balance-sheet assets was available, so both data "outstanding mortgage credit inside balance sheet" and "outstanding mortgage credit on-balance-sheet and off-balance-sheet" were available.</p>

<sup>(1)</sup> The term Real Estate Collateral refers only to real estate that has been provided as collateral for a loan, while the term Mortgage Collateral refers to a broader concept, where in addition to the first consideration, collected mortgages on immovable property are also considered.

- In the new Mortgage-Backed Securities series, the amount of Mortgage Securitised Assets (in Spanish “Participaciones hipotecarias” and “Certificados de Transmisión Hipotecaria” issued) corresponds exclusively to loans recognized and held on balance sheet, i.e. those that have not been a subject of a full risk transfer. In addition, it is also applicable the new structural breakdown according to the nature of the reporting entities (Banks, Saving Banks and Credit Cooperatives).

For this reason, from now on, the mortgage credit series will contain certain technical differences compared to the data formerly provided.

Thus, any analysis on the historical evolution of the outstanding mortgage credit in the Spanish market should consider the break of the series resulting from the application of the new criteria as of the entry into force of Circular 5/2014 -subsequently postponed by Circular (3/2015) until 31 March 2017, when these amendments entered into force definitively-.