

Statistics on non-performing loans

Asociación Hipotecaria Española

3rd Quarter 2020

Madrid, December 2020



Statistics on non-performing loans in the third quarter of 2020

December 2020

In general, the levels of non-performing loans (NPLs) remained reasonably stable or with slight decreases in the different market segments during the third quarter of the year. In the **resident private sector** the volume of NPLs decreased both in quarterly and annual terms, reaching a volume of EUR 55,933 million compared to EUR 57,965 million in the previous quarter or EUR 61,505 million observed 12 months earlier. In turn, the outstanding balance of the portfolio showed its second consecutive growth in year-on-year terms (+2.2%), notwithstanding that in quarter-on-quarter terms a small decrease was observed (-1.6%). Overall, the NPL ratio in the third quarter of the year stood at **4.6%**, some 0.1 percentage points (pps) lower than in the second quarter of 2020 and more than 0.5 pps below than the figure recorded in the same period in 2019.

Within the private resident sector, in the exposures related to the **housing purchase**, it should be noted that the doubtful balance has maintained its positive evolution of recent years, both when comparing to the previous quarter and to the previous year. This has been translated into an improvement in the NPL rate, from 3.6% in the previous year or 3.5% in the previous quarter to **3.3%** in this third quarter. In absolute terms, this quarter showed a reduction of almost EUR 1,000 million in the doubtful assets' portfolio, all of which was recorded in deposit institutions.

By contrast, in the credit for **housing renovation** - of lesser incidence in the balance sheet - the levels of doubtful assets presented a favourable evolution in absolute terms, albeit slight, that has not been reflected in the NPL ratio as a result of the decrease in the outstanding stock of this segment. The NPL amount was below 945 million, where doubtful loans represented **5.7%** of the outstanding portfolio, practically unchanged from the previous quarter and showing a slight deterioration compared to the third quarter of the previous year, when it stood at 5.6%.

It is worth highlighting the favourable performance that the real estate and construction sectors, continued to show in the doubtful assets portfolio, although logically in recent quarters there has been a slowdown in the cleaning up of their balance sheets. This may suggest that the doubtful assets portfolio is close to reaching a 'floor', particularly in the exposures linked to real

estate activities. This evolution is a consequence of the important efforts that the financial sector has been making over these years to reduce the exposure of these two segments of activity. In particular, credit exposures linked to **real estate activities** - whose outstanding amount is around EUR 83,829 million - have evolved with slight falls in the outstanding balance in parallel with the doubtful balances, which showed a slight decrease compared to the previous quarter (-1.7%), and a more significant one when compared to the third quarter of 2019 (-25.8%). All in all, in the third quarter of the year the doubtfulness ratio of this heading remained at **5.1%**, the same level as in the previous quarter and 1.3 pps lower than that observed one year ago. Somewhat more visible has been the evolution of the **construction sector** portfolio, whose ratio has managed to reach **9.5%** this quarter, which represents an improvement of 0.3 pps with regard to the previous quarter and 3.1 pps with regard to the third quarter of the previous year. This improvement has not only been related to the decrease of doubtful exposures, but also to the dynamics that have maintained the flow of financing in this category of credit, which has registered slight advances in its outstanding amount during this year, possibly linked to the public guarantee scheme that aims to reactivate the economy.

Overall, the conclusions from the data are not negative despite what might be expected after the deterioration that is suffering our economy. The credit quality of the banks' balance sheets has been reasonably well maintained, largely due to the support measures approved, which include the application of holiday payments and the liquidity lines guaranteed by the State to preserve the most immediate needs of the most hard-hit sectors of our productive fabric. Through the former, in the third quarter of the year there were more than 1,355,000 loans benefiting from the moratoria, with an outstanding amount of loan payments suspended of almost EUR 53,000 million. This means that almost 8% of the credit portfolios eligible for a moratorium and approximately 5% of the total amount of loans to the resident private sector are committed under these circumstances. In addition, it should be noted that, for accounting purposes, these measures are providing a significant relief to credit institutions, albeit temporary, by allowing the European Authorities not to have to provision such loans as 'doubtful risks' on a temporary basis. Therefore, although the data on doubtful assets during the third quarter of the year have fared better than expected, it remains to be seen the evolution of the support measures and the result of the liquidity lines implemented- especially when the grace periods end-, in the coming months in order to be able to make a better assessment of the real situation of the sector's NPLs portfolio.

1. Percentage of doubtful loans in total lending to the private sector

Period	Total	Deposit-taking lenders	Other credit Institutions	EFCs*
dic-16	9,1%	9,2%	13,6%	6,0%
mar-17	8,8%	8,9%	10,4%	5,9%
jun-17	8,4%	8,5%	10,2%	5,8%
sept-17	8,3%	8,4%	9,7%	6,0%
dic-17	7,8%	7,9%	10,6%	5,7%
mar-18	6,8%	6,8%	10,7%	6,0%
jun-18	6,4%	6,4%	8,5%	5,6%
sept-18	6,2%	6,2%	7,7%	5,4%
dic-18	5,8%	5,8%	6,1%	5,2%
mar-19	5,7%	5,7%	6,0%	5,5%
jun-19	5,4%	5,3%	5,4%	5,6%
sept-19	5,1%	5,1%	4,7%	5,5%
dic-19	4,8%	4,8%	3,9%	5,1%
mar-20	4,8%	4,8%	3,7%	6,0%
jun-20	4,7%	4,6%	3,2%	6,9%
sept-20	4,6%	4,5%	3,3%	6,6%

Chart: Evolution of the percentage of doubtful loans in total lending to the private sector

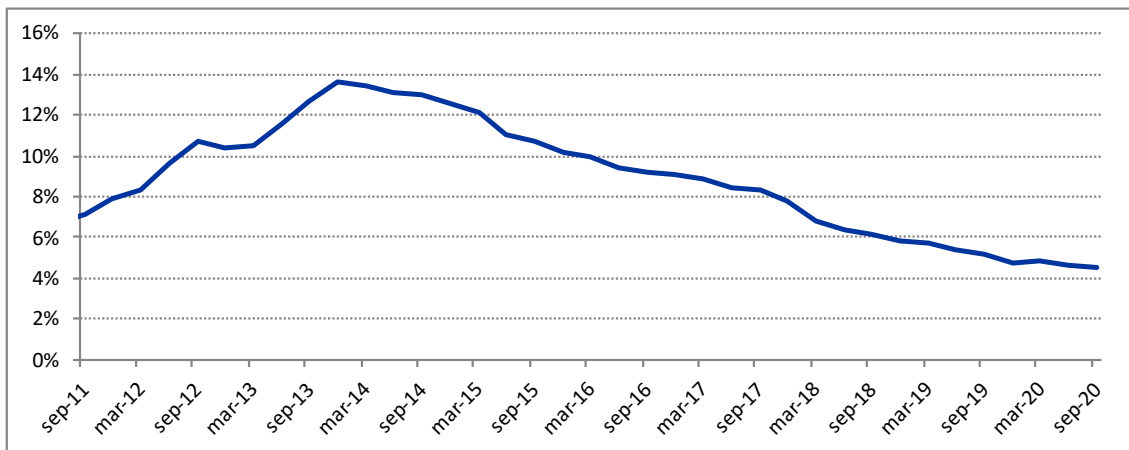
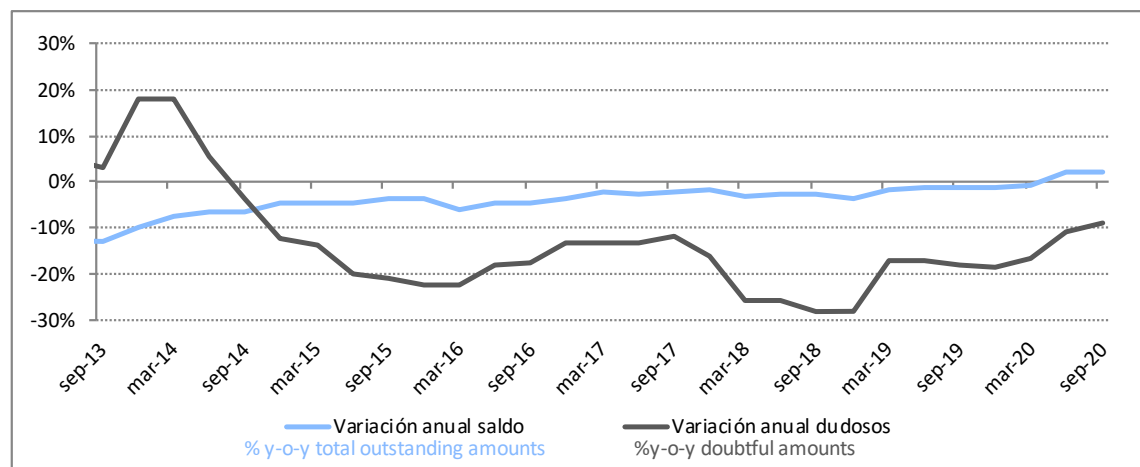


Chart: y-o-y variation rate of outstanding and doubtful amounts of total lending to the private sector



*Credit financial intermediaries

2. Percentage of doubtful loans in residential lending

Period	Housing purchase	Renovation	Purchase and Renovation
dic-16	4,7%	6,5%	4,7%
mar-17	4,7%	6,6%	4,8%
jun-17	4,7%	6,6%	4,7%
sept-17	4,7%	6,5%	4,7%
dic-17	4,7%	6,4%	4,8%
mar-18	4,5%	6,2%	4,6%
jun-18	4,4%	6,2%	4,5%
sept-18	4,3%	6,3%	4,3%
dic-18	4,1%	6,2%	4,1%
mar-19	4,0%	6,1%	4,1%
jun-19	3,8%	6,0%	3,9%
sept-19	3,6%	5,6%	3,6%
dic-19	3,4%	5,5%	3,5%
mar-20	3,4%	5,2%	3,5%
jun-20	3,5%	5,7%	3,5%
sept-20	3,3%	5,7%	3,3%

Chart: Evolution of residential doubtful loans by credit purpose

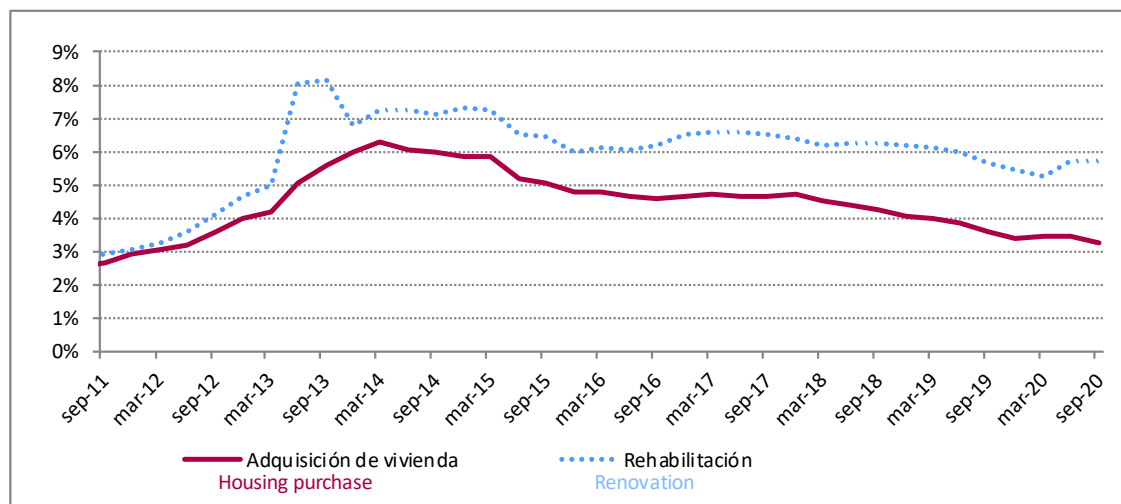
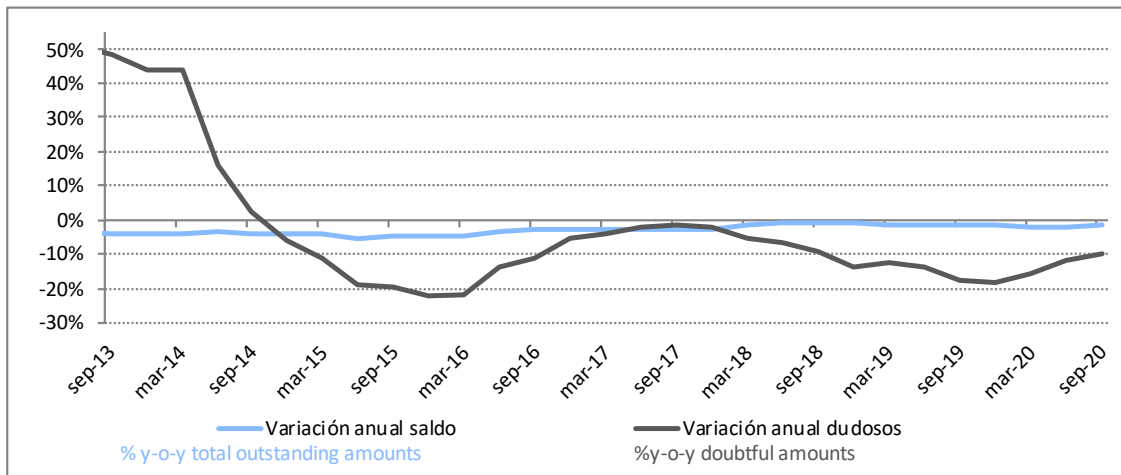


Chart: y-o-y variation rate of outstanding and doubtful amounts of residential loans for housing purchase



3. Percentage of doubtful loans in residential loans for housing purchase

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	4,7%	4,5%	0,0%	13,5%
mar-17	4,7%	4,5%	0,0%	13,7%
jun-17	4,7%	4,5%	0,0%	14,0%
sept-17	4,7%	4,5%	0,0%	14,5%
dic-17	4,7%	4,5%	0,0%	14,7%
mar-18	4,5%	4,3%	0,0%	14,4%
jun-18	4,4%	4,2%	0,0%	13,8%
sept-18	4,3%	4,1%	0,0%	13,7%
dic-18	4,1%	3,9%	0,0%	13,5%
mar-19	4,0%	3,8%	0,0%	13,4%
jun-19	3,8%	3,6%	0,0%	13,1%
sept-19	3,6%	3,4%	0,0%	13,2%
dic-19	3,4%	3,2%	0,0%	13,2%
mar-20	3,4%	3,2%	0,0%	13,9%
jun-20	3,5%	3,2%	0,0%	14,2%
sept-20	3,3%	3,0%	0,0%	14,2%

4. Percentage of doubtful loans in residential loans for housing renovation

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	6,5%	6,5%	0,0%	2,9%
mar-17	6,6%	6,6%	0,0%	2,7%
jun-17	6,6%	6,6%	0,0%	2,3%
sept-17	6,5%	6,5%	0,0%	2,0%
dic-17	6,4%	6,4%	0,0%	1,7%
mar-18	6,2%	6,2%	0,0%	1,5%
jun-18	6,2%	6,3%	0,0%	1,4%
sept-18	6,3%	6,3%	0,0%	1,7%
dic-18	6,2%	6,2%	0,0%	1,8%
mar-19	6,1%	6,1%	0,0%	1,9%
jun-19	6,0%	6,0%	0,0%	1,9%
sept-19	5,6%	5,7%	0,0%	2,2%
dic-19	5,5%	5,5%	0,0%	2,5%
mar-20	5,2%	5,3%	0,0%	3,5%
jun-20	5,7%	5,7%	0,0%	4,2%
sept-20	5,7%	5,7%	0,0%	4,7%

5. Percentage of doubtful loans in residential loans for consumer goods

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	4,8%	5,6%	0,0%	2,8%
mar-17	5,0%	5,7%	0,0%	3,1%
jun-17	4,8%	5,4%	0,0%	3,1%
sept-17	5,2%	5,9%	0,0%	3,3%
dic-17	4,6%	5,1%	0,0%	3,2%
mar-18	4,6%	4,9%	0,0%	3,7%
jun-18	4,4%	4,7%	0,0%	3,7%
sept-18	4,5%	4,9%	0,0%	3,3%
dic-18	4,3%	4,7%	0,0%	3,3%
mar-19	4,6%	4,9%	0,0%	3,8%
jun-19	4,6%	4,6%	0,0%	4,4%
sept-19	4,7%	4,9%	0,0%	4,0%
dic-19	4,3%	4,6%	0,0%	3,6%
mar-20	5,0%	5,1%	0,0%	4,6%
jun-20	5,6%	5,6%	0,0%	5,6%
sept-20	5,6%	5,8%	0,0%	4,6%

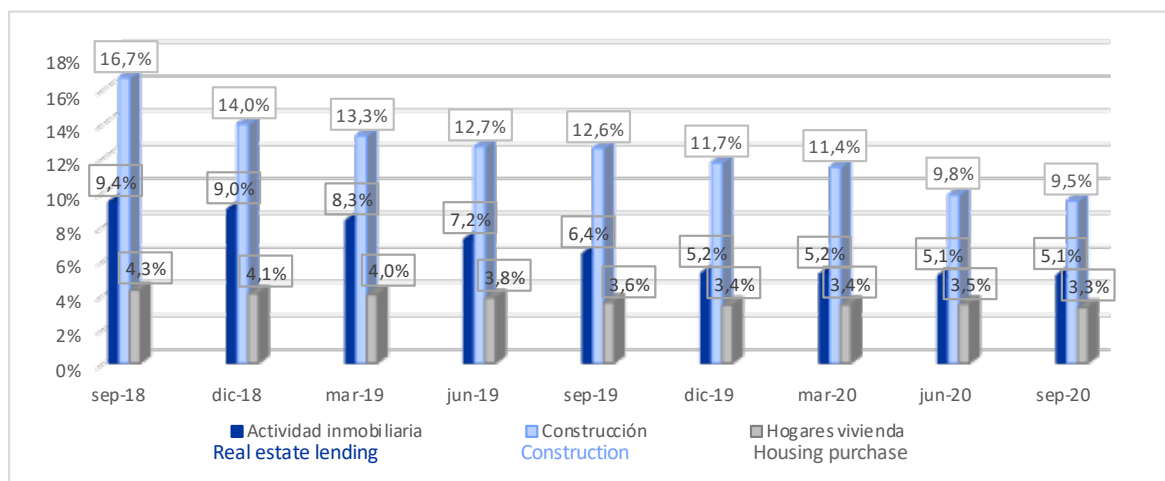
6. Percentage of doubtful loans in lending to real estate activities

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	25,5%	25,4%	65,1%	5,7%
mar-17	24,1%	24,2%	53,3%	5,5%
jun-17	21,5%	21,5%	47,3%	6,0%
sept-17	20,3%	20,3%	47,4%	5,2%
dic-17	18,1%	18,2%	39,1%	3,6%
mar-18	11,7%	11,7%	35,0%	3,8%
jun-18	10,6%	10,6%	34,3%	3,8%
sept-18	9,4%	9,4%	23,0%	3,5%
dic-18	9,0%	8,9%	25,3%	7,8%
mar-19	8,3%	8,3%	20,7%	3,4%
jun-19	7,2%	7,2%	21,0%	3,3%
sept-19	6,4%	6,4%	19,3%	3,9%
dic-19	5,2%	5,2%	19,4%	3,5%
mar-20	5,2%	5,2%	19,3%	3,1%
jun-20	5,1%	5,1%	19,2%	5,7%
sept-20	5,1%	5,1%	19,5%	5,8%

7. Percentage of doubtful loans in lending to construction sector

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	29,1%	29,7%	13,6%	20,0%
mar-17	27,2%	27,8%	20,8%	9,2%
jun-17	27,6%	28,2%	19,2%	11,4%
sept-17	24,0%	24,4%	19,6%	10,2%
dic-17	24,1%	24,5%	23,4%	9,2%
mar-18	18,7%	18,9%	23,3%	6,4%
jun-18	17,6%	17,8%	21,7%	5,3%
sept-18	16,7%	17,0%	19,6%	5,5%
dic-18	14,0%	14,4%	12,3%	4,2%
mar-19	13,3%	13,6%	12,6%	4,5%
jun-19	12,7%	13,1%	12,7%	3,0%
sept-19	12,6%	13,0%	12,5%	3,3%
dic-19	11,7%	12,0%	18,3%	3,0%
mar-20	11,4%	11,6%	19,2%	5,1%
jun-20	9,8%	9,8%	14,9%	6,8%
sept-20	9,5%	9,5%	15,3%	6,6%

Chart: Recent evolution of doubtful loans by credit sector (%)



8. Outstanding amounts of total lending to the private sector
 (million EUR)

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	1.276.172	1.222.541	10.395	43.235
mar-17	1.266.098	1.213.571	9.564	42.963
jun-17	1.262.296	1.209.047	8.804	44.445
sept-17	1.249.068	1.196.378	8.777	43.913
dic-17	1.253.916	1.199.079	7.994	46.843
mar-18	1.224.725	1.170.905	7.789	46.031
jun-18	1.229.817	1.174.180	7.775	47.862
sept-18	1.213.308	1.157.186	7.522	48.600
dic-18	1.208.318	1.150.231	6.887	51.200
mar-19	1.202.180	1.144.971	6.703	50.507
jun-19	1.214.790	1.158.792	7.307	48.691
sept-19	1.195.701	1.139.328	7.457	48.917
dic-19	1.193.527	1.135.590	6.979	50.958
mar-20	1.195.487	1.138.885	7.321	49.280
jun-20	1.241.445	1.187.023	8.036	46.386
sept-20	1.221.810	1.167.999	8.025	45.786

9. Doubtful amounts of total lending to the private sector
 (million EUR)

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	116.281	112.275	1.416	2.590
mar-17	111.865	108.333	992	2.541
jun-17	106.176	102.679	899	2.598
sept-17	103.991	100.481	854	2.656
dic-17	97.691	94.174	848	2.669
mar-18	83.271	79.696	831	2.744
jun-18	78.612	75.259	662	2.691
sept-18	74.929	71.745	576	2.609
dic-18	70.255	67.199	418	2.638
mar-19	68.844	65.650	404	2.791
jun-19	65.068	61.946	395	2.726
sept-19	61.505	58.487	348	2.670
dic-19	57.192	54.301	274	2.616
mar-20	57.382	54.155	270	2.957
jun-20	57.965	54.509	258	3.199
sept-20	55.933	52.650	263	3.020

10. Outstanding amounts of lending to households for housing purchase
 (million EUR)

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
dic-16	516.612	506.087	16	10.509
mar-17	512.743	502.293	16	10.433
jun-17	510.258	499.774	16	10.468
sept-17	507.203	496.711	16	10.477
dic-17	503.027	492.605	15	10.407
mar-18	505.761	495.364	15	10.382
jun-18	505.963	495.552	15	10.396
sept-18	503.078	492.714	14	10.350
dic-18	500.825	490.533	14	10.277
mar-19	499.675	489.422	14	10.239
jun-19	498.788	488.584	14	10.189
sept-19	495.311	485.148	14	10.149
dic-19	493.568	483.473	14	10.081
mar-20	491.160	481.134	14	10.012
jun-20	488.615	478.617	14	9.984
sept-20	487.772	477.778	13	9.981

11. Doubtful amounts of lending to households for housing purchase
 (million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	24.125	22.708	0	1.417
mar-17	24.222	22.790	0	1.432
jun-17	23.816	22.354	0	1.462
sept-17	23.630	22.107	0	1.524
dic-17	23.605	22.075	0	1.529
mar-18	22.907	21.410	0	1.497
jun-18	22.193	20.754	0	1.439
sept-18	21.452	20.034	0	1.417
dic-18	20.412	19.026	0	1.386
mar-19	20.026	18.650	0	1.376
jun-19	19.104	17.768	0	1.336
sept-19	17.650	16.313	0	1.337
dic-19	16.760	15.434	0	1.326
mar-20	16.841	15.445	0	1.396
jun-20	16.897	15.481	0	1.416
sept-20	15.899	14.480	0	1.419

12. Outstanding amounts of lending to households for housing renovation
(million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	18.753	18.693	0	60
mar-17	18.750	18.681	0	69
jun-17	18.347	18.265	0	82
sept-17	18.696	18.599	0	97
dic-17	18.862	18.751	0	111
mar-18	18.834	18.695	0	139
jun-18	18.399	18.234	0	165
sept-18	18.168	17.987	0	181
dic-18	17.912	17.702	0	211
mar-19	18.039	17.811	0	228
jun-19	17.927	17.650	0	277
sept-19	17.873	17.575	0	298
dic-19	17.301	17.000	0	300
mar-20	17.068	16.752	0	316
jun-20	16.851	16.548	0	303
sept-20	16.610	16.314	0	296

13. Doubtful amounts of lending to households for housing renovation
(million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	1.224	1.222	0	2
mar-17	1.237	1.236	0	2
jun-17	1.210	1.208	0	2
sept-17	1.217	1.215	0	2
dic-17	1.201	1.199	0	2
mar-18	1.169	1.167	0	2
jun-18	1.148	1.145	0	2
sept-18	1.136	1.133	0	3
dic-18	1.105	1.102	0	4
mar-19	1.097	1.093	0	4
jun-19	1.071	1.066	0	5
sept-19	1.007	1.001	0	7
dic-19	948	940	0	8
mar-20	893	882	0	11
jun-20	963	951	0	13
sept-20	945	931	0	14

14. Outstanding amounts of lending to households for consumer goods
 (million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	69.188	50.212	1	18.975
mar-17	70.384	51.349	1	19.035
jun-17	74.671	54.813	1	19.857
sept-17	75.671	56.029	1	19.641
dic-17	79.264	58.096	1	21.167
mar-18	77.788	56.558	1	21.229
jun-18	82.235	59.918	1	22.316
sept-18	83.515	60.557	1	22.957
dic-18	86.668	62.334	1	24.333
mar-19	87.890	63.629	1	24.260
jun-19	91.250	69.512	1	21.737
sept-19	91.209	69.169	1	22.039
dic-19	94.279	71.128	1	23.151
mar-20	93.394	71.170	1	22.223
jun-20	91.769	71.070	1	20.699
sept-20	90.761	70.077	1	20.684

15. Doubtful amounts of lending to households for consumer goods
 (million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	3.350	2.814	0	536
mar-17	3.522	2.939	0	583
jun-17	3.555	2.935	0	621
sept-17	3.956	3.318	0	639
dic-17	3.663	2.992	0	672
mar-18	3.580	2.785	0	795
jun-18	3.615	2.795	0	821
sept-18	3.732	2.979	0	753
dic-18	3.710	2.901	0	809
mar-19	4.058	3.126	0	932
jun-19	4.180	3.227	0	952
sept-19	4.302	3.420	0	883
dic-19	4.097	3.263	0	833
mar-20	4.641	3.610	0	1.031
jun-20	5.118	3.964	0	1.153
sept-20	5.048	4.086	0	962

16. Outstanding amounts of lending to real estate activities
(million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	120.805	119.140	733	932
mar-17	118.823	117.575	357	891
jun-17	116.449	115.206	310	932
sept-17	112.310	111.098	305	907
dic-17	109.998	108.845	268	885
mar-18	108.036	106.925	263	848
jun-18	107.841	106.758	255	829
sept-18	103.202	102.179	192	831
dic-18	93.372	92.778	174	420
mar-19	93.587	92.531	167	888
jun-19	91.030	89.986	164	880
sept-19	90.357	89.422	162	773
dic-19	88.149	87.211	159	779
mar-20	87.853	86.848	158	848
jun-20	85.542	84.894	157	490
sept-20	83.829	83.206	155	468

17. Doubtful amounts of lending to real estate activities
(million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	30.806	30.275	477	53
mar-17	28.657	28.418	190	49
jun-17	25.002	24.800	147	56
sept-17	22.762	22.570	145	47
dic-17	19.895	19.759	105	32
mar-18	12.609	12.484	92	32
jun-18	11.411	11.292	87	31
sept-18	9.700	9.627	44	29
dic-18	8.376	8.299	44	33
mar-19	7.787	7.722	35	31
jun-19	6.568	6.504	34	29
sept-19	5.768	5.706	31	30
dic-19	4.616	4.559	31	27
mar-20	4.554	4.497	31	26
jun-20	4.358	4.300	30	28
sept-20	4.282	4.224	30	27

18. Outstanding amounts of lending to the construction sector
(million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	39.898	38.031	1.093	774
mar-17	38.834	36.998	1.068	768
jun-17	36.020	34.356	999	665
sept-17	35.450	33.761	978	711
dic-17	34.626	32.877	956	793
mar-18	30.925	29.177	962	786
jun-18	28.904	27.163	923	818
sept-18	28.045	26.361	825	859
dic-18	29.079	27.386	735	959
mar-19	28.841	27.232	715	894
jun-19	28.095	26.329	708	1.057
sept-19	27.205	25.409	710	1.086
dic-19	26.013	24.304	537	1.172
mar-20	26.926	25.253	519	1.154
jun-20	28.703	27.164	602	936
sept-20	28.362	26.876	580	905

19. Doubtful amounts of lending to the construction sector
(million EUR)

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
dic-16	11.608	11.304	149	155
mar-17	10.576	10.283	222	71
jun-17	9.947	9.679	192	76
sept-17	8.508	8.244	192	72
dic-17	8.350	8.053	224	73
mar-18	5.787	5.512	224	50
jun-18	5.079	4.836	200	43
sept-18	4.677	4.468	162	47
dic-18	4.062	3.932	90	40
mar-19	3.833	3.702	90	40
jun-19	3.559	3.437	90	32
sept-19	3.416	3.291	89	36
dic-19	3.047	2.914	98	35
mar-20	3.083	2.924	99	59
jun-20	2.821	2.668	90	63
sept-20	2.690	2.541	89	60