

# Statistics on non-performing loans

**Asociación Hipotecaria Española**

4th Quarter 2020

Madrid, March 2021



# Statistics on non-performing loans in the 4th quarter of 2020

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*March 2021*

During Q4 2020, the levels of non-performing loans (NPLs) remained constant in virtually all credit portfolios. On the one hand, this containment of the NPL ratio is due to an increase in new originations favoured by the Guarantee Lines launched by the ICO (Instituto de Crédito Oficial - Institute for Official Credit). On the other hand, to the behaviour of the 'doubtful risk' portfolio, which maintained a downward path precisely due to these support measures for companies and self-employed, which cover capital vesting periods, as well as the moratoriums approved by both the Government and the financial industry.

Within **the private resident sector**, the NPL ratio -which stood at **4.5%** at the end of the year-, showed an improvement both quarterly (0.1 percentage points) and year-on-year (0.3 percentage points). The denominator of this ratio showed a 2.6% increase of the outstanding balance in the last year, accounting for EUR 1,224,458 million in Q4 2020; while in the numerator (made up of the doubtful assets) the clearing process was still present, despite the moderation observed in the last year as a result of the pandemic. In absolute terms, nearly EUR 2,028 million were removed from the balance throughout 2020, decreasing the doubtful loan portfolio down to EUR 55,164 million. This development contrasts significantly with the previous year, where a decrease of more than EUR 13,000 million in the non-performing assets was observed or with the nearly EUR 27,500 million that were excluded from the 'doubtful' category in 2018. This may to a large extent be explained by the technical difficulties to value and sale assets due to the shutdown during the national state of emergency.

However, **doubtfulness in loans for house purchase** maintained also a favourable behaviour both in quarterly (-3.9%) and year-on-year terms (-8.9%). In particular, the NPL ratio of this credit segment has decreased from 3.4% in Q4 2019 or 3.3% in Q3 2020 to **3.1%** in the latter quarter of 2020. The doubtfulness in the **credit for housing renovation** showed an improvement compared to the previous quarter - from 5.7% in Q3 2020 to **5.5%** this quarter. However, this improvement has not been reflected in year-on-year terms, as in Q4 2019 the NPL ratio remained at 5.5%. In general, this credit segment has been showing a more moderate evolution in the process of divestment and balance restructure over the years, although it should be noted that its volume in absolute terms is also infinitely less than compared to other activities.

As in the household segment, NPLs in the credit to productive activities with real estate guarantee continued to show a positive performance during 2020, despite a slowdown in the writedown of the portfolio. As regards the **exposures linked to the real estate sector**, the NPL ratio decreased to **5.0%**, from 5.2% the previous year or 5.1% in the previous quarter. In total, the NPL balance amounted to EUR 4,079 million in the last year compared to the more than EUR 80,000 million that were recorded in the midst of the financial crisis. By way of comparison, it is remarkable the strong deleveraging in this credit segment: to date, the outstanding balance that encompasses 'performing' loans, those under the category of 'under-performing' and those known as 'non-performing', together all of them barely exceeds from EUR 82,000 million compared to a balance above EUR 324,000 million in 2009.

This process of debt reduction has also occurred in the credit to the **construction sector**, in parallel with the rounds of cleaning up banks' balance sheets, which has gone from recording a NPL balance of EUR 23,000 million in the most critical period down to just over a tenth at the end of 2020. As a result, in Q4 2020 the NPL ratio was **9.2%**, an improvement of 2.5 percentage points compared to the same period in 2019 and 0.3 points over the previous quarter. This improvement has not only been related to the decrease in NPLs, but has also occurred within a period where credit to non-financial companies has shown some dynamism supported by public guarantee lines.

In general, we can see that the decrease of quality in credit portfolios is not strongly felt. It should nevertheless be noted that in the last year there has been an increase in risk exposures considered as 'under-performing', which draws a somewhat disturbing picture. In fact, the various forecasts developed by analysts point to a clear increase in NPLs during the current and subsequent years. Its scope will depend to a large extent on whether the effects of this crisis require additional measures aimed at improving the economic situation of households and businesses or not, and on the resilience shown by employment once the activity is fully recovered. Financial institutions, in anticipation of these potential risks, have been providing their balance sheets with higher levels of provisions (the resident private sector coverage rate has increased across all institutional sectors during this period, reaching 46.6% at the end of the year compared to 41.4% the previous year) and have continued to create their capital buffers to address in the short - medium term the unavoidable effects of the current health crisis on NPLs.

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

Period	Total	Deposit-taking lenders	Other credit Institutions	EFCs*
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%
dic-20	4,5%	4,4%	3,1%	6,5%

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

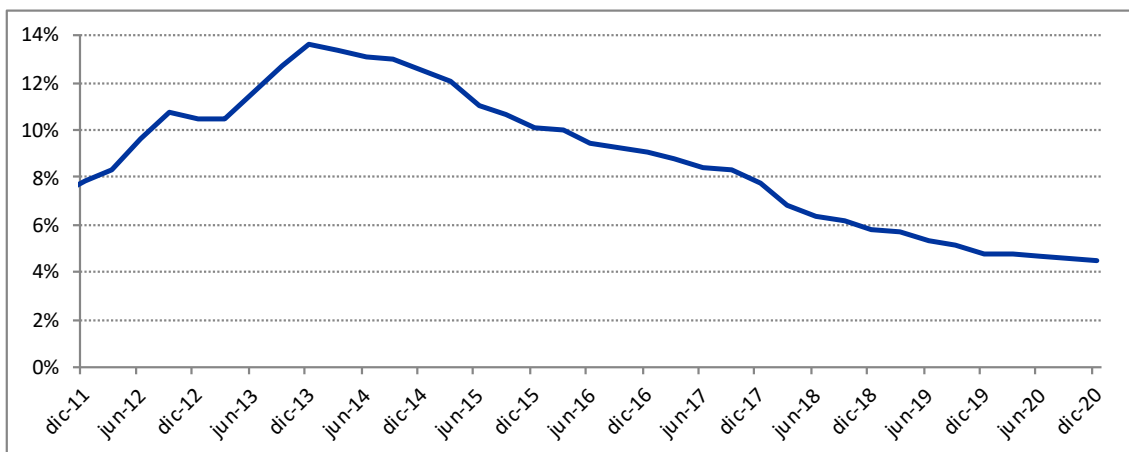
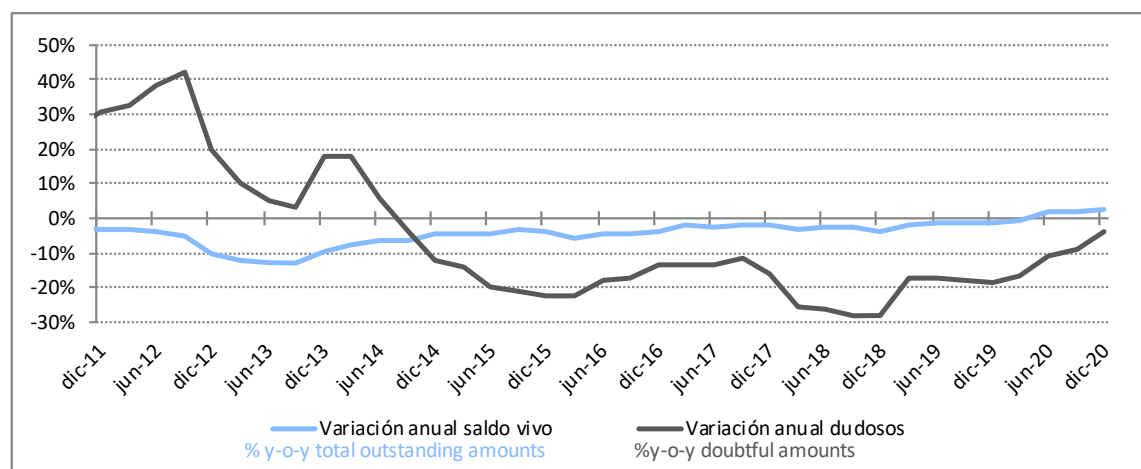


Chart: y-o-y variation rate of outstanding and doubtful amounts of total lending to the private sector



\*Credit financial intermediaries

## 2. Percentage of doubtful loans in residential lending

Period	Housing purchase	Renovation	Purchase and Renovation
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%
dic-20	3,1%	5,5%	3,2%

Chart: Evolution of residential doubtful loans by credit purpose

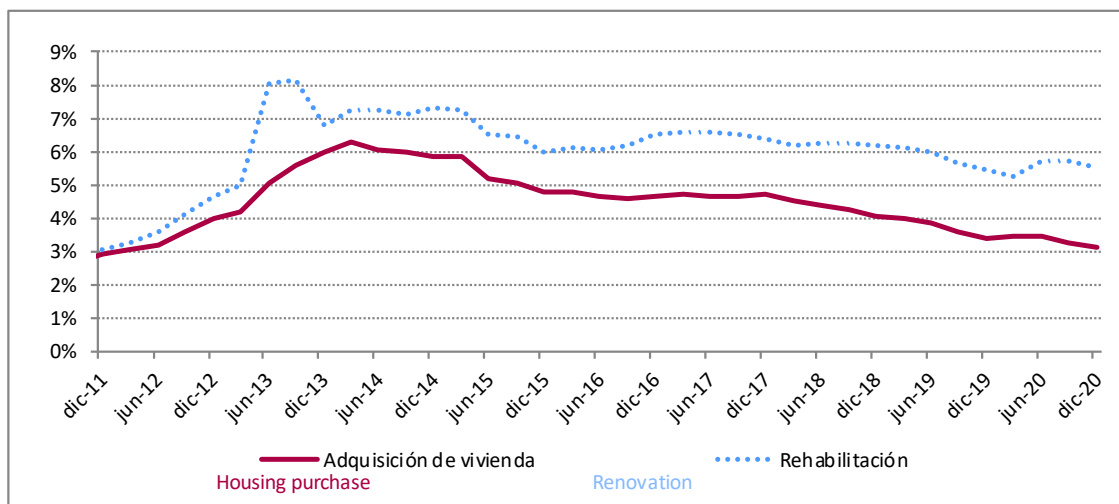
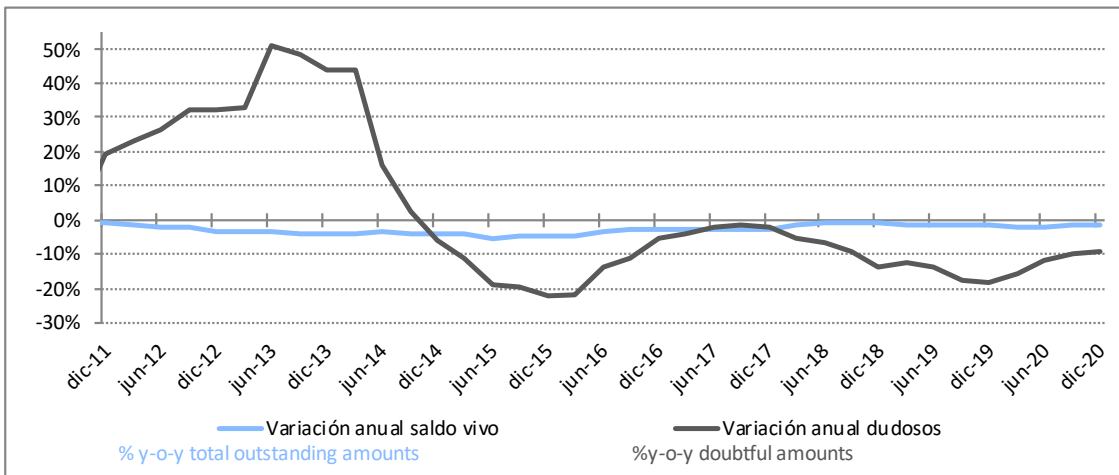


Chart: y-o-y variation rate of outstanding and doubtful amounts of residential loans for housing purchase



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

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
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%
dic-20	3,1%	2,9%	0,0%	13,8%

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

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
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%
dic-20	5,5%	5,5%	0,0%	5,3%

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

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
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%
dic-20	5,1%	5,3%	0,0%	4,3%

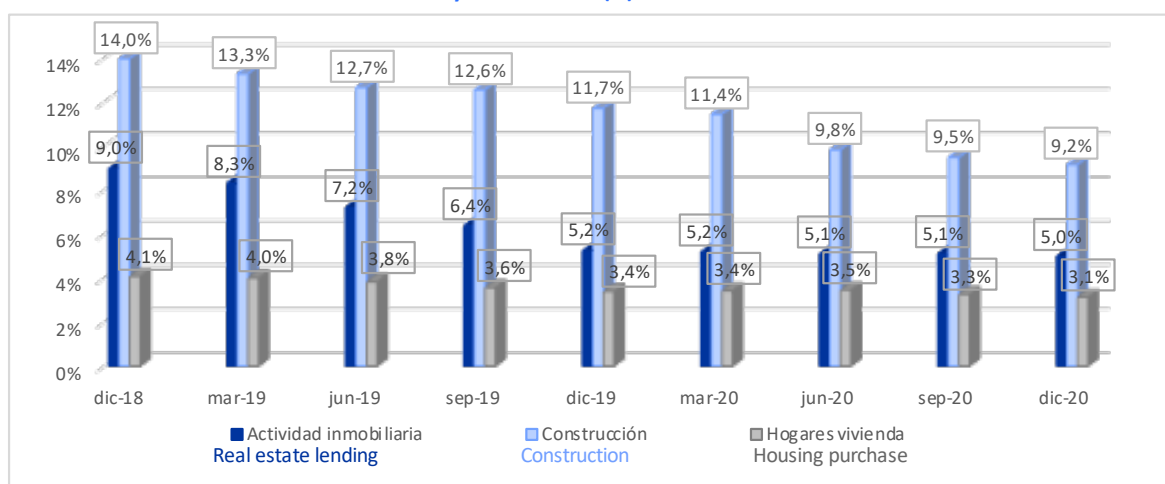
## 6. Percentage of doubtful loans in lending to real estate activities

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
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%
dic-20	5,0%	4,9%	19,7%	6,1%

## 7. Percentage of doubtful loans in lending to construction sector

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
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%
dic-20	9,2%	9,2%	15,4%	5,5%

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
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
dic-20	1.224.458	1.174.944	8.191	41.323

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

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
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
dic-20	55.164	52.224	252	2.687



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

Period	Total	Deposit-taking Institutions	Other credit Institutions	EFCs
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
dic-20	487.855	477.877	13	9.965

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	15.276	13.900	0	1.375

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	16.360	16.074	0	286

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	904	888	0	15

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	91.796	75.546	1	16.250

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	4.718	4.013	0	705

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	81.943	81.359	152	433

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	4.079	4.023	30	26

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	27.895	26.275	570	1.050

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

Period	Total	Deposit-taking Institutions	Other credit institutions	EFCs
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
dic-20	2.553	2.408	88	57