

SPANISH COVERED BOND & SECURITISATION STATISTICS

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

March 2017

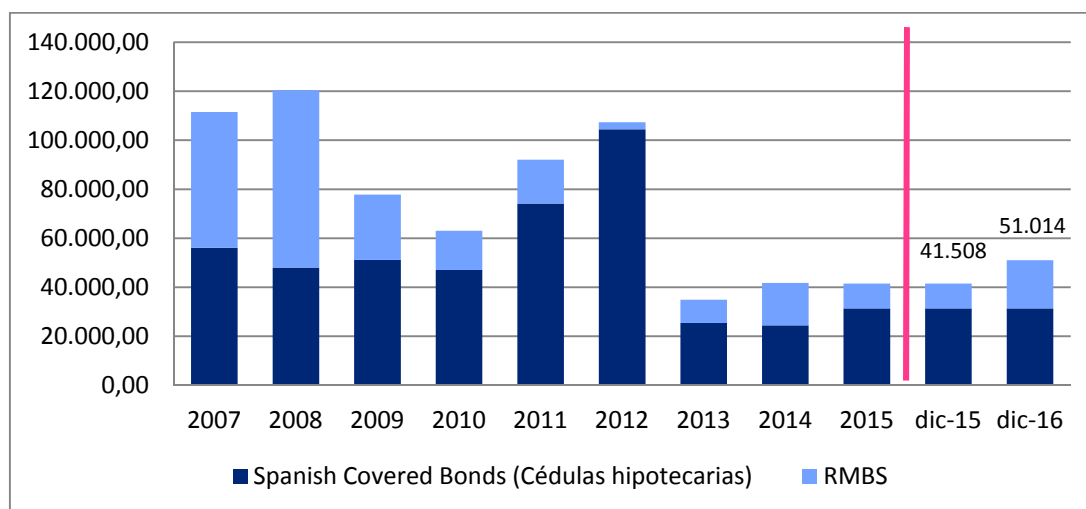
1. Issuance

The **total volume of mortgage securities admitted for trading** in December 2016 amounted to EUR 51,014 millions, with an increase by 22.9% year on year (y-o-y). At all events, we are still far from reaching the issuance levels of years ago (in 2012 the total volume of mortgage securities issued amounted to EUR 107,363 millions).

Spanish covered bonds (cédulas hipotecarias - CH) accounted for 53% of total mortgage securities. Issuance of CH between January and December 2016, has slightly contracted by -0.06% y-o-y up to EUR 31,393 million. As in the three preceding years, there was no issuance of multi-seller CH.

Issuance of mortgage securitisations between January and December 2016 amounted to EUR 19,621 million, increasing 93.6% compare to the cumulative total in 2015.

> Chart 1: Yearly development of issuances



Source: Spanish Mortgage Association own calculation base don AIAF data.

2. Outstanding

Outstanding mortgage securities decreased by -3.4% y-o-y, amounting EUR 354,934 millions in December 2016 in relation to EUR 367,375 million at the same period of the previous year. Nevertheless, we are still far from the levels achieved in 2011, where the outstanding was EUR 536,745 millions.

In December 2016, **cover bonds represent 65.2%** (52.6% belongs to the singles covered bonds while the 12.7% belongs to multi seller ones) **of outstanding securities**, amounting to EUR 231,508 millions with a decrease in annual terms of -8.3%. **Mortgage backed securities (MBS) represent 34.8% of outstanding securities**, reaching the amount of EUR 123.426 millions in December 2016, rising 7.3% y-o-y. Even though covered bonds are still being more representative in the secondary market, the mortgage backed securities are gaining weight, perhaps in reply to the invertors' confidence improvement in mortgage market.

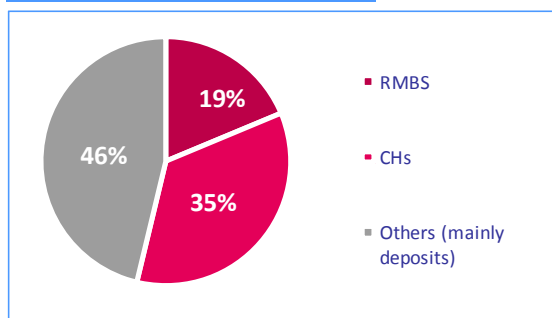
Mortgage securities represent 53.8% in December 2016 (53.0% in December 2015) **over total outstanding mortgage loans** (35.1 % covered bonds and 18.7% MBS). Notwithstanding outstanding mortgage securities has experienced a slight decreases regarding previous years, the more intense decrease in the outstanding mortgage loans has left an increase in the ratio of both magnitudes.

Likewise, it is observed that has started the consolidation of a stable recovery of issuance market, although is still far from the 60% weight achieved in 2012.

The mortgage securities issuance has been likely affected by the continued deleveraging process of financial system, as well as by the ECB's provision of liquidity, through his asset purchase programme, known as Quantitative Easing (QE), which last at least until December 2017. In any case, in future, it is expected that the issuance of mortgage securities consolidate his recovery lean on economy improvement and real estate sector.

> Annex: Additional information

Mortgage funding composition



Portfolio related information (% and € million)

Pool Information

	dic-16
Total outstanding mortgage loans (dec-16)	660,343
Outstanding residential mortgage loans (sep-16)	551,805
Eligible pool (% over total mortgage pool)	61%
Private sector NPL (dec-16)	9,2%
Residential mortgage lending NPL (sep-16)	4,6%
Total outstanding covered bonds (dec-16)	231,508
% of the mortgage pool	35%
Total outstanding RMBS (dec-16)	123,426
% of the mortgage pool	19%

*Amounts in EUR millions

Source: Spanish Mortgage Association own calculation base don AIAF and Bank of Spain

SPANISH COVERED BOND & SECURITIZATION STATISTICS

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

ISSUANCE (Euro Million)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2011	68.347	5.800	17.899	92.045
2012	103.470	1.000	2.893	107.363
2013	25.400	0	9.528	34.927
2014	24.438	0	17.310	41.748
2015	31.375	0	10.133	41.508
dic-16	31.393	0	19.621	51.014

OUTSTANDING VOLUME (Euro Million)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
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
2014	208.314	72.985	119.931	401.231
2015	194.073	58.310	114.992	367.375
dic-16	186.528	44.980	123.426	354.934

Year on year variation of the outstanding volumes (%)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
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%
2014	-15,7%	-16,1%	2,5%	-11,0%
2015	-6,8%	-20,1%	-4,1%	-8,4%
dic-16	-3,9%	-22,9%	7,3%	-3,4%

Weight of the Mortgage securities over the outstanding mortgage lending (%)			
	Total Cédulas Hipotecarias (single and multiseller)	Residential Mortgage Backed securitites (**)	Total mortgage securities
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%
2014	38,5%	15,5%	54,0%
2015	36,4%	16,6%	53,0%
dic-16	35,1%	18,7%	53,7%

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

(**) Estimation