

# SPANISH COVERED BOND & SECURITISATION STATISTICS

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

February 2017

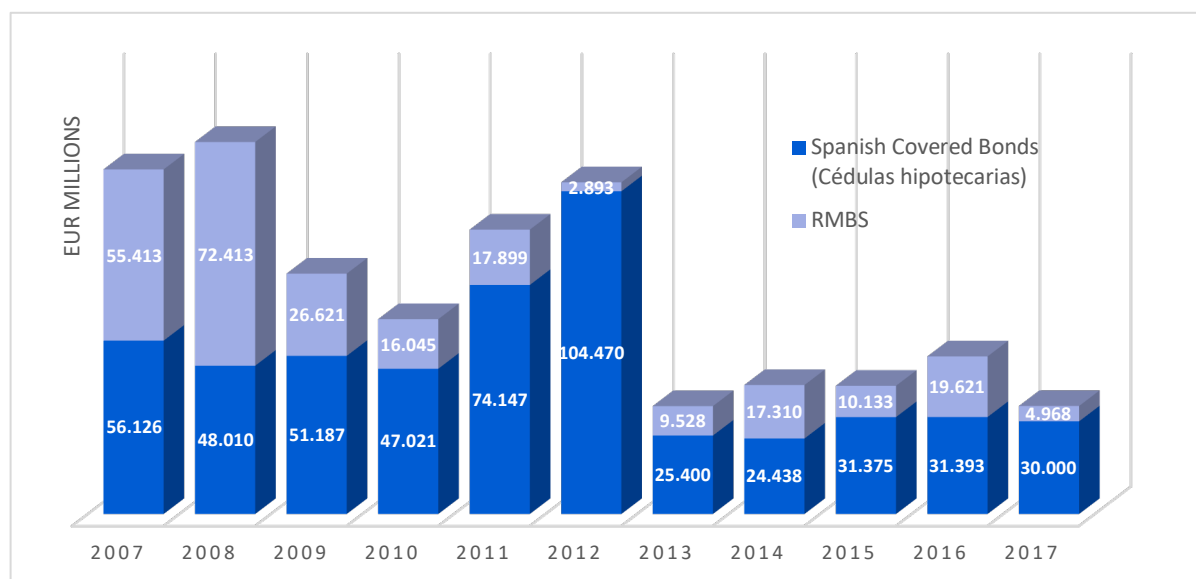
## 1. Issuance

The **total volume of mortgage securities admitted for trading** at the end of the year amounted to EUR 35.0 million, which represents a decrease of 31.5% compared to the previous year, mainly due to the modest figures for issuances of mortgage backed securities (MBSs).

The **issuance of Spanish Covered Bonds** (Cédulas Hipotecarias), that account for 86% of the total volume issued, reached EUR 30.0 bn in 2017, representing a 4.4% decrease with respect to the previous year. As regards multi-seller covered bonds, no new issuances have been made since 2013.

The **amount of mortgage backed securities (MBSs) issued** contracted by a steep 74.7% y-o-y up to EUR 5.0 bn. There is no issuance activity for Mortgage Securitization Funds (Fondos de Titulación Hipotecaria) since 2012, so the total volume of mortgage securitizations can be attributed to Asset Securitization Funds (Fondos de Titulización de Activos). Although Law 5/2015 regulated the unification of both legal frameworks into one (Securitization Funds), the legislative changes have no effect for those funds constituted before Law 5/15 entered into force.

> Chart 1: Yearly development of issuances



Source: Spanish Mortgage Association own calculation base don AIAF data

## 2. Outstanding

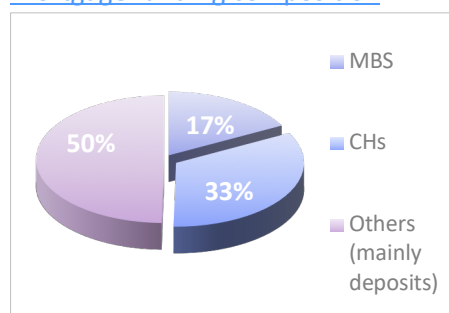
**Outstanding mortgage securities** decreased by more than 7.2% moving from EUR 354.9 bn in December 2016 to EUR 329.4 bn in the same period of 2017. Thus, for the sixth year in a row, 2017 has recorded y-o-y falls as a consequence of the deleveraging process in the Spanish economy, the alternative sources of funding for credit institutions and of the liquidity excess in the financial system.

**Spanish Covered Bonds outstanding**, that accounts for near 39% of outstanding mortgage lending, amounted to EUR 216.5 bn in December 2017, marking a -6.5% decrease with respect to the same period in 2016. The average overcollateralization, measured as the total outstanding mortgage lending<sup>1</sup> over the outstanding Covered Bonds, stood at around 199% (minimum level required in Spain 25%).

Parallel to the decrease in CBs, the **mortgage backed securities** also showed a decrease (-8.5% y-o-y), ending up December 2017 with an outstanding amount of EUR 112.9 bn. This funding mechanism that has historically enabled the freeing up of regulatory capital, remains on a high fluctuation path, both in positive and in negative terms, but still far from pre-crisis levels.

### > Annex: Additional information

#### Mortgage funding composition



#### Portfolio related information (% and € million)

|  | Dec 2017 |
|--|----------|
| Total outstanding mortgage loans **              | 654,914  |
| Outstanding residential mortgage loans (sept-17) | 501,769  |
| Eligible pool (% over total mortgage pool) **    | 61%      |
| Private sector NPL (sept-17)                     | 8,3%     |
| Residential mortgage lending NPL (sept-17)       | 4,7%     |
| Total outstanding covered bonds (dic-17)         | 216,498  |
| % of the mortgage pool                           | 33%      |
| Total outstanding RMBS (dic-17)                  | 112,938  |
| % of the mortgage pool                           | 17%      |
| *Amounts in EUR millions                         |          |
| ** March 2017 data (last data known)             |          |

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

The Governing Council of the ECB at its October 2017 meeting<sup>2</sup> decided to scale back the rate of monthly asset purchases as of January 2018. The asset purchase programme (APP) will be prolonged until the end of September 2018, at a lower amount of EUR 30.0 bn per month in the economies of the Eurozone. Nonetheless, the APP may be extended until the ECB sees a sustainable adjustment in inflation consistent with price stability basis.

The standardization process of the monetary policy is likely to have a positive impact in terms of mortgage funding issues over the coming quarters.

<sup>1</sup> Last data available corresponds to March 2017

<sup>2</sup> <https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp171206.en.html>

## SPANISH COVERED BOND & SECURITIZATION STATISTICS

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| 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                    |
| 2016                    | 31.393                        | 0                             | 19.621                                       | 51.014                    |
| <b>dic-17</b>           | <b>30.000</b>                 | <b>0</b>                      | <b>4.968</b>                                 | <b>34.968</b>             |

| OUTSTANDING VOLUME (Euro Million) |                               |                               |  |                           |
|-----------------------------------|-------------------------------|-------------------------------|--|---------------------------|
|                                   | Cédulas Hipotecarias (single) | Multiseller Covered Bonds (*) | Residential Mortgage Backed securitites (**) | Total mortgage securities |
| 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                   |
| 2016                              | 186.528                       | 44.980                        | 123.426                                      | 354.934                   |
| <b>dic-17</b>                     | <b>181.328</b>                | <b>35.170</b>                 | <b>112.938</b>                               | <b>329.436</b>            |

| Year on year variation of the outstanding volumes (%) |                               |                               |  |                           |
|---|-------------------------------|-------------------------------|--|---------------------------|
|   | Cédulas Hipotecarias (single) | Multiseller Covered Bonds (*) | Residential Mortgage Backed securitites (**) | Total mortgage securities |
| 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%                     |
| 2016  | -3,9%                         | -22,9%                        | 7,3%   | -3,4%                     |
| <b>dic-17</b>   | <b>-2,8%</b>                  | <b>-21,8%</b>                 | <b>-8,5%</b>                                 | <b>-7,2%</b>              |

| Weight of the Mortgage securities over the outstanding mortgage lending (%) |   |  |                           |
|---|---|--|---------------------------|
|   | Total Cédulas Hipotecarias (single and multiseller) | Residential Mortgage Backed securitites (**) | Total mortgage securities |
| 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%                     |
| 2016  | 35,1%   | 18,7%  | 53,7%                     |
| <b>dic-17(***)</b>  | <b>38,9%</b>  | <b>18,3%</b>                                 | <b>57,2%</b>              |

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

(\*\*) Estimation

(\*\*\*) The outstanding mortgage lending corresponds to March 2017 (last data known)