

SPANISH COVERED BOND & SECURITISATION STATISTICS

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

July 2018

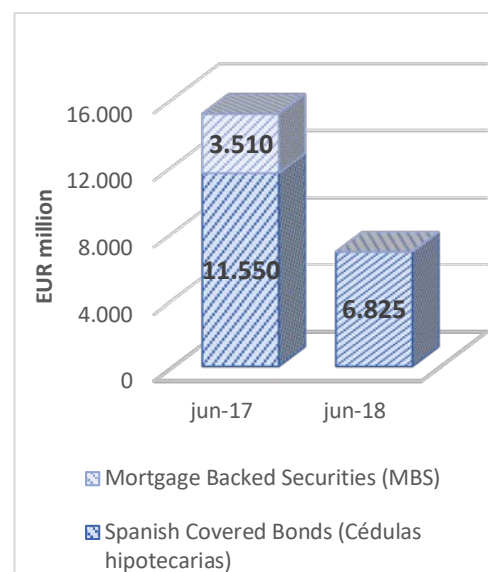
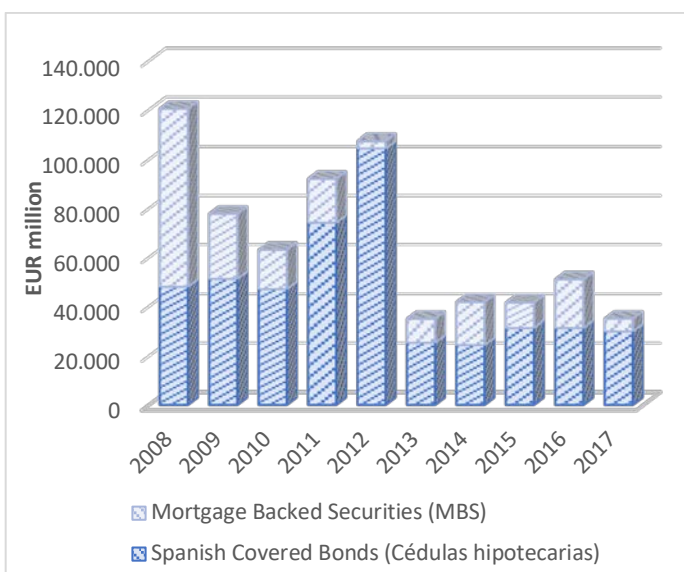
1. Issuance

Since 2013 **mortgage securities' issuances** remain at depressed levels compared to previous years, principally due to the ongoing excess of liquidity and the contraction in new lending activity. Against this background, during the first half of 2018 the total volume of mortgage securities admitted for trading reached EUR 6.8 bn, decreasing by 55% with respect to the same period of the previous year.

As regards to **Spanish covered bonds** (cédulas hipotecarias-CHs) a contraction of around 41% y-o-y has been registered during the first half of 2018. As in the fifth preceding years, multi-seller CBs remain with no issuance.

Spanish CBs consolidates as the main source of funding between January and June of 2018, given that so far this year, **mortgage backed securities** have not registered any issuance.

Chart 1: Yearly development of issuance



Source: Spanish Mortgage Association own calculation based on AIAF data

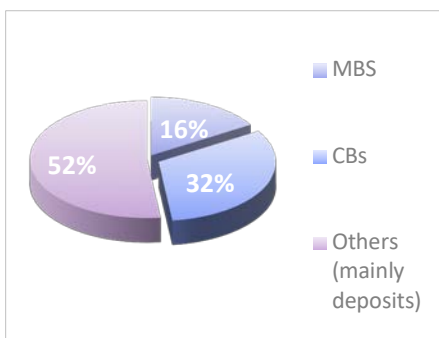
2. Outstanding

In June 2018, **outstanding mortgage securities** amounted to EUR 315.2 bn (against EUR 337.5 bn in the same period of previous year). Since 2012 the overall trend of the portfolio has been coupled with further decreases.

By type of instrument, **Spanish Covered Bonds** (single and multi-seller) – that accounted for around 66% of the outstanding portfolio- fell by 0.3% on a y-o-y basis, up to EUR 209.2 bn. Meanwhile, **mortgage-backed securities (MBS)** accounted for EUR 106.0 bn in June 2018 compared to EUR 121.4 bn observed in June 2017 (-12.7%).

Annex: Additional information

Mortgage funding composition



Source: Spanish Mortgage Association own calculation based on AIAF and Bank of Spain

Portfolio related information (% and EUR million)

	June 2018
Total outstanding mortgage loans **	654,914
Outstanding residential mortgage loans (mar-18)	494,582
Eligible pool (% over total mortgage pool) **	61%
Private sector NPL (mar-18)	6,8%
Residential mortgage lending NPL (mar-18)	4,5%
Total outstanding covered bonds (jun-18)	209,238
% of the mortgage pool	32%
Total outstanding RMBS (jun-18)	105,987
% of the mortgage pool	16%

** March 2017 data (last data available)

The European monetary policy continues subject to the ECB's non-standard measures on the basis of the economic analysis of the euro area. The ECB announced that, from January to September of 2018, it would continue with the monthly net asset purchases at a pace of EUR 30.0 bn under the asset purchase programme (APP). Meanwhile, as stated by the institution in June, from September to December this year, the amount will decrease to EUR 15.0 bn and net purchases will then end, provided that economies of the euro area move towards price stability.

The standardization process of the monetary policy is likely to have a positive impact in terms of mortgage funding issuance, as securities become due.

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ISSUANCE (Euro Million)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
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
2017	30.000	0	4.968	34.968
jun.-17	11.550	0	3.510	15.060
jul.-18	6.825	0	0	6.825

OUTSTANDING VOLUME (Euro Million)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
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
2017	181.328	35.170	112.938	329.436
jun.-18	177.493	31.745	105.987	315.225

Year on year variation of the outstanding volumes (%)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
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%
2017	-2,8%	-21,8%	-8,5%	-7,2%
jun-18	-0,3%	-16,4%	-12,7%	-6,6%

Weight of the Mortgage securities over the outstanding mortgage lending (%)			
	Total Cédulas Hipotecarias (single and multiseller)	Residential Mortgage Backed securitites (**)	Total mortgage securities
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%
2017 (***)	33,1%	17,2%	50,3%
jun-18(***)	31,9%	16,2%	48,1%

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

(**) Estimation

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