

SPANISH COVERED BOND & SECURITISATION STATISTICS

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

June 2016

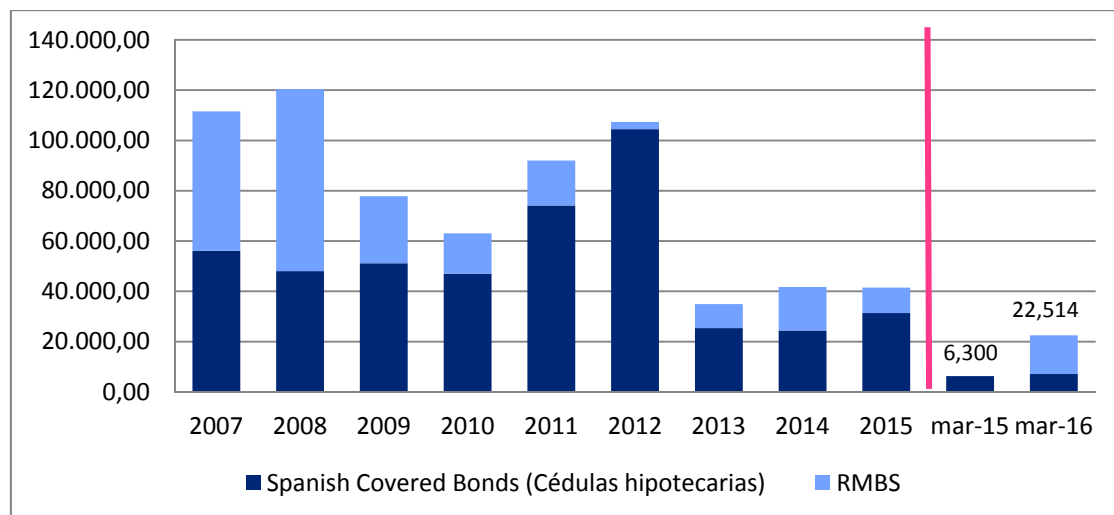
1. Issuance

The **total volume of mortgage securities admitted to trading** in the first quarter of 2016 amounted to **EUR 22,514 million**, which represents a pronounced increase compared to the EUR 6,300 million admitted to trading in the same period of 2015 where issuance of mortgage backed securities was zero.

Spanish covered bonds (cédulas hipotecarias - CH) accounted for 53% of total mortgage securities. **Issuance of CH in the first quarter of 2016 reached EUR 7,143 million**, an annual increase of 13.4%. As in the two preceding years, there was no issuance of multi-seller CH.

Furthermore, **issuance of mortgage securitisations increased significantly between January and March amounting to EUR 15,371 million** (51.6% more than all issuance in 2015).

> Chart 1: Yearly development of issuances



Source: Spanish Mortgage Association own calculation based on AIAF data.

2. Outstanding

Outstanding mortgage securities registered a year on year fall of 5.5% in March, amounting to EUR 358,794 million, EUR 20,860 million less than in March 2015 (EUR 379,654 million outstanding).

The composition of outstanding securities has not changed significantly since the last publication with data up to December 2015. Thus, **EUR 231,222 million corresponds to CH which represent 64.4% of the total outstanding value** (single and multi-seller), 12% less than in March 2015. The remaining **35.6% (EUR 127,573 million) corresponds to mortgage backed securities** (issued by mortgage securitisation funds and asset securitisation funds) which experienced a year on year increase of 8.8%.

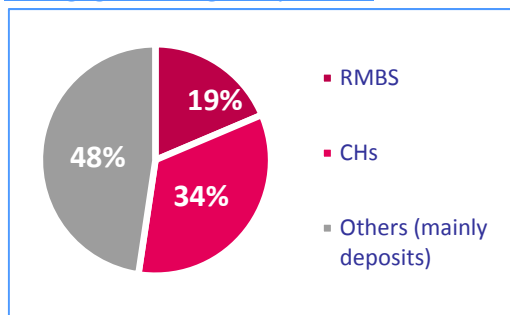
Mortgage securities weigh 52.3% over total outstanding mortgage loans (33.7% CH and 18.6% securitisations).

Issuance volumes, particularly CH, continue to be less than in previous years and it is expected that this trend will carry on given the role that different factors play in the mortgage securities market. Firstly, the further deleveraging of the Spanish mortgage market which reflects on the continued loss of outstanding volumes (-3.9% in December 2015) which will likely continue in all of 2016. Moreover, financial institutions have alternative and accessible funding mechanisms mainly provided by the ECB (mayor buyer of CH in the secondary market).

The Spanish banking system is in a favourable situation in terms of liquidity which allows institutions to set their focus on profitability and regulatory compliance.

> Annex: Additional information

Mortgage funding composition



Portfolio related information (% and € million)

	mar-16
Total outstanding mortgage loans (mar-16)	685,222
Outstanding residential mortgage loans (dic-15)	562,828
Eligible pool (% over total mortgage pool)	60%
Private sector NPL (dic-15)	10,3%
Residential mortgage lending NPL (dic-15)	4,8%
Total outstanding covered bonds (mar-16)	231,221
% of the mortgage pool	34%
Total outstanding RMBS (mar-16)	127,573
% of the mortgage pool	19%

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

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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
mar-16	7.143	0	15.371	22.514

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
mar-16	178.511	52.710	127.573	358.794

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%	-8,6%
mar-16	-8,5%	-21,8%	8,8%	-5,5%

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%
mar-16	33,7%	18,6%	52,4%

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

(**) Estimation