

SPANISH COVERED BOND & SECURITIZATION STATISTICS

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

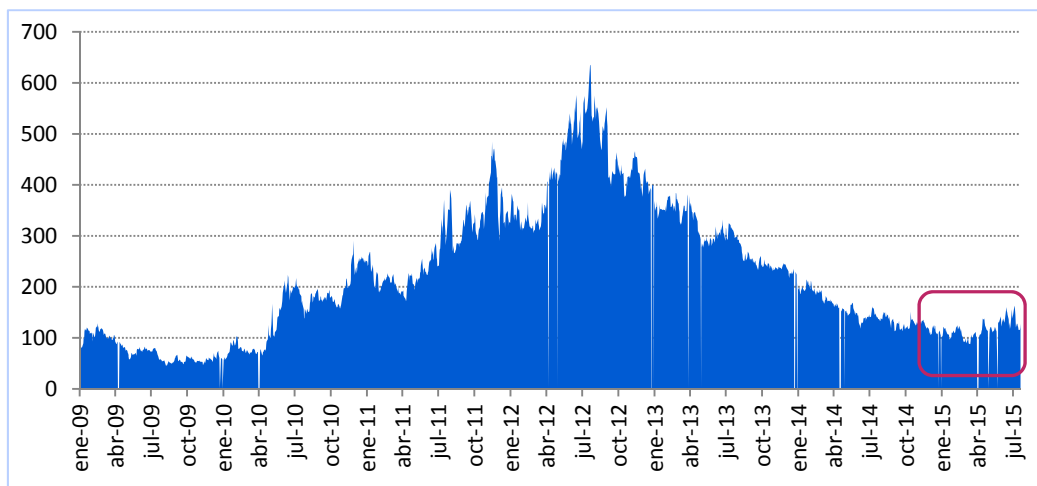
July 2015

1. Issuance

During the first six months of 2015 the issuance activity of credit institutions remained relatively stable despite improved conditions to access wholesale funding markets.

Uncertainties about a third wave of the sovereign debt crisis in Greece have not spread throughout other peripheral countries, including Spain, unlike in the past two waves. This has permitted the sovereign credit risk to follow a steady path (see Chart 1 below) and, at the same time, it has prevented increases in the funding costs for Spanish credit institutions.

Chart 1. Spread of the Spanish benchmark at 10 years with the German benchmark, bp.



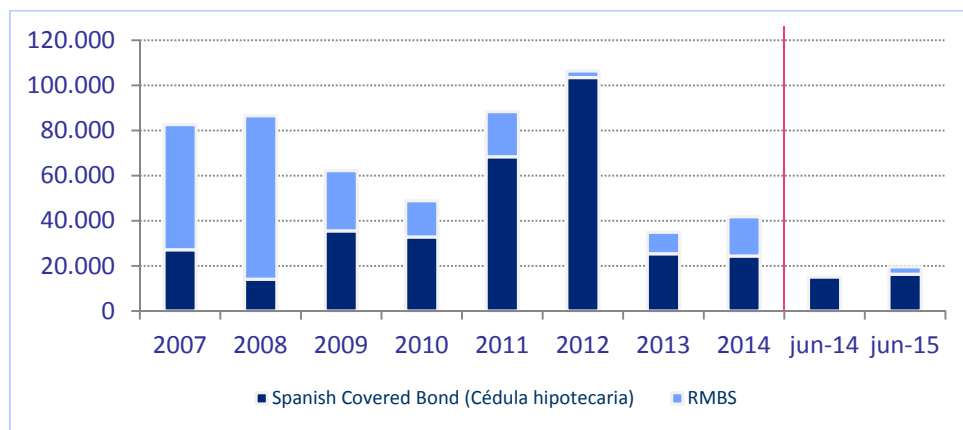
Source: AHE based on data from the Bank of Spain.

Moreover, the European Central Bank (ECB) announced at the end of 2014 new non conventional policy measures. These included a new ABS purchase programme (ABSPP) and a covered bond purchase programme (CBPP3) and they will last at least two years. All these monetary policy actions have contributed to market stability and to a reduction in interest rates on the latest recorded issuances.

Against this background, according to data provided by AIAF, during the first half of 2015 the **total volume of mortgage securities admitted to trading** was EUR 19.6bn compared to EUR 15,050bn during the same period of the previous year.

The **Spanish Covered Bond (Cédula Hipotecaria –CH)** remained the main funding tool in the period, amounting to EUR 16.3bn, which represents an 8.5% increase compared to the same period of 2014. **Residential Mortgage Backed Securities (–RMBS)** recorded EUR 3.3bn.

> **Chart 1: Yearly development of issuances (First half of 2015)**



Source: AHE based on data from Bank of Spain.

2. Outstanding

At the end of June 2015, the **outstanding mortgage securities** fell by 8.5% y-o-y and by 6.6% compared to December 2014, accounting for EUR 374,6bn.

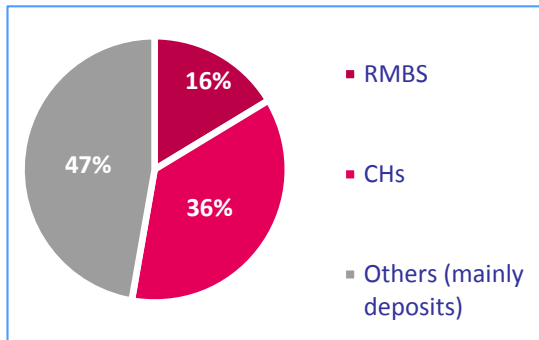
By type of instrument, EUR 258.7bn were CH (single and multi-seller). Meanwhile, outstanding RMBS (both issued by mortgage securitization funds -Fondos de Titulización Hipotecaria- and EUR 115.9bn were asset securitization funds -Fondos de Titulización de Activos-)

The share of mortgage securities on the total mortgage credit remained stable at 53.9%, mirroring the right use of instruments according to the momentum of the new credit activity, still weak.

As regards the outstanding amount of mortgage credit, it is estimated that around 54% of the mortgage portfolio was funded through outstanding mortgage securities.

> Annex: Additional Information

Mortgage Funding Mix



Information relating to the portfolio (% and EUR bn)

	jun-15
Total outstanding mortgage loans	710,009
Outstanding residential mortgage loans**	586,609
Eligible pool (% over total mortgage pool)	59%
Private sector NPL	11,6%
Residential mortgage lending NPL	5,8%
Total outstanding covered bonds	258,716
% of the mortgage pool	36%
Total outstanding RMBS	115,882
% of the mortgage pool	16%

Source: AHE based on data from 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
2009	35.569	15.618	26.621	77.808
2010	32.861	14.160	16.045	63.066
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
jun-15	16.325	0	3.280	19.605

OUTSTANDING VOLUME (Euro Million)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2009	185.344	151.406	189.162	525.912
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
jun-15	194.646	64.070	115.882	374.599

Year on year variation of the outstanding volumes (%)				
	Cédulas Hipotecarias (single)	Multiseller Covered Bonds (*)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2009	14,1%	3,6%	1,3%	6,2%
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%
jun-15	-11,7%	-19,8%	6,4%	-8,5%

Total outstanding volumes VS Total outstanding mortgage lending (%)			
	Total Cédulas Hipotecarias (single and multiseller)	Residential Mortgage Backed securitites (**)	Total mortgage securities
2009	30,6%	17,2%	47,8%
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%
jun-15	37,3%	16,6%	53,9%

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

(**) Estimation