MARKET UPDATE

Mortgage portfolio

Position at June 2026

Spanish Mortgage Association

October 2026

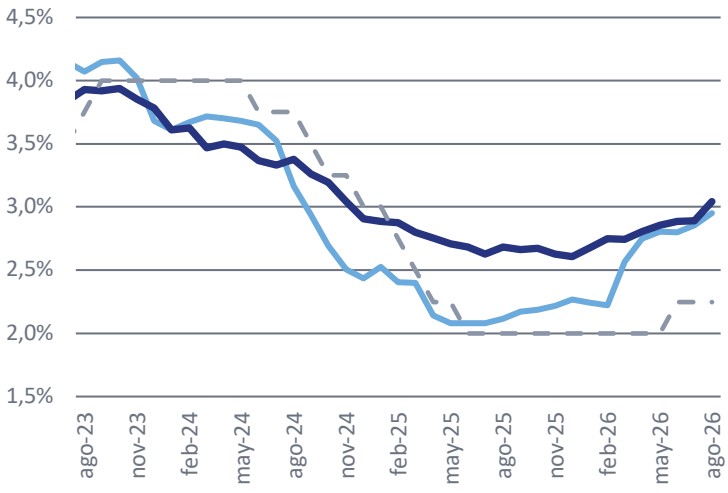
€42.6 bn	+3.7%	44%	176%
NEW MORTGAGES	**OUTSTANDING BALANCE**	**FIXED RATE**	**COLLATERALISATION**
H1 2026	Year-on-year change	Share of outstanding portfolio	Covered bond average

01 Outstanding balance

The first half of the year was marked by weaker performance in housing transactions than in their financing. Mortgage lending continued to perform well, slightly exceeding the strong figures recorded in the same period of the previous year. According to Bank of Spain data, new mortgage lending reached €42.60 billion in the first half of 2026, compared with approximately €41.25 billion in the same period of 2025.

The interest rate environment has not yet had a significant impact on the market. The rise in Euribor, which began in March following the outbreak of the conflict in Iran, has so far been only partially passed through to the interest rates offered by Spanish credit institutions, whose cumulative increase amounts to less than a third of the rise in the benchmark index.

CHART 1 Interest rate trends



LATEST DATA · AUGUST 2026

- Weighted average rate: **3.04%**
- 12-month Euribor: **2.95%**
- ECB policy rate: **2.25%**

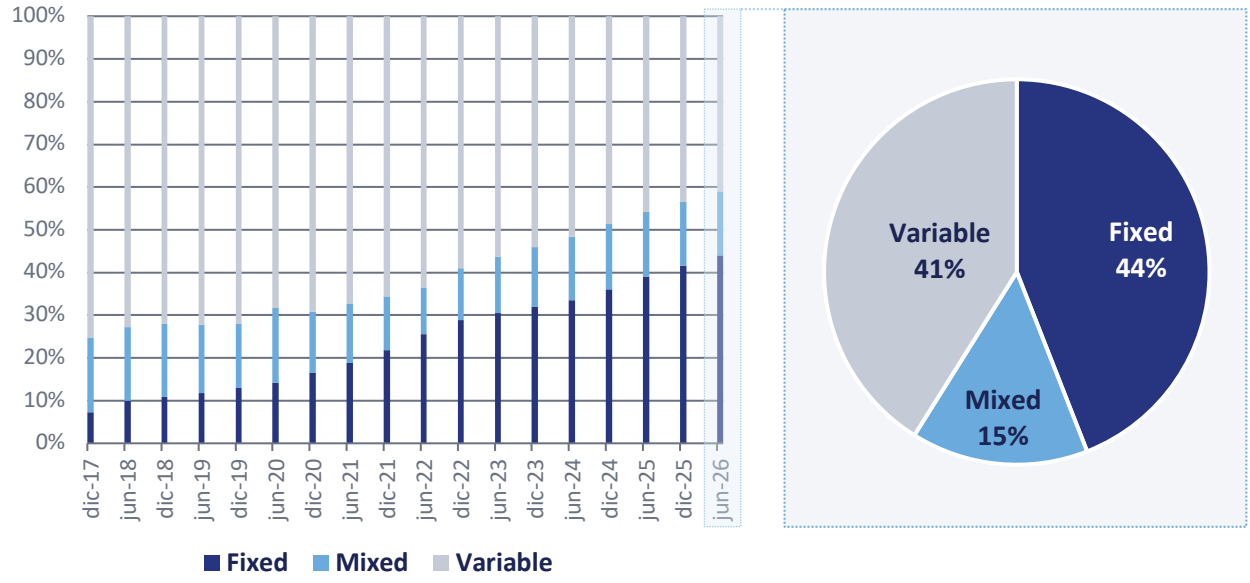
The strength of new lending flows has gradually fed through to the outstanding balance of the mortgage portfolio, which has been on an expansionary path since the end of 2024. This trend has consolidated over the months, reaching a year-on-year growth of 3.7% on June 2026. By type of institution, credit cooperatives recorded stronger growth, of 8.4%, compared with 3.2% for banks and savings banks.

Despite the growth in mortgage balances, the relative indebtedness of this segment as a percentage of GDP has continued to decline, standing at 36% in mid-2026.

02 Interest rate type of outstanding loans

As regards the interest rate type in the portfolio, there have been no significant changes from the trends described in the previous publication. Outstanding exposures to fixed-rate loans have continued to grow, consolidating their position as the predominant segment in June 2026, with a 44% share. Together with mixed-rate loans, they account for 59% of the outstanding balance. Conversely, variable-rate loans have continued to lose ground, in line with developments in new originations, accounting for 41% of the outstanding balance. These exposures are mostly older loans, as the share of new variable-rate lending has remained below 10% over the last two years and below 40% over the past six years.

CHART 2 Mortgage balance by interest rate type



The stable instalments offered by fixed-rate loans are providing households with financial certainty and helping to limit mortgage portfolios' exposure to defaults.

03 Mortgage securities

On the liabilities side, outstanding mortgage securities have continued to decline, against a backdrop of ample liquidity in the banking system and greater reliance on other sources of funding, such as retail deposits or debt issues eligible for meeting regulatory capital requirements.

In June 2026, the volume of securities fell by 2% to €251.25 billion. In absolute terms, the decline amounted to €5 billion over the last year and close to €50 billion over the last five years. However, the fall over the last year did not affect all instruments equally. Covered bonds (*cédulas hipotecarias*) posted balance growth for the second consecutive quarter, although the rate of increase moderated to 1% in the second quarter of the year. Securitisations, meanwhile, fell by 10% over the same period, continuing their previous downward trend.

Of the outstanding volume of mortgage loans, approximately half – some €330.5 billion – is pledged as collateral for covered bond issues. This level highlights the significant protection afforded to covered bond holders, whose assets are backed by average collateralisation of 176%[1] at June 2026, compared with the legal minimum of 105%.

04 Conclusion

> The analysis reveals no significant changes in the composition and trend of the outstanding balance or in the interest rate structure of the mortgage portfolio. However, looking ahead to the second half of the year, developments in house prices and interest rates could shape a different scenario for lending activity and institutions' commercial strategies. In this context, demand for credit could weaken, with possible knock-on effects on the other variables analysed in this report. The portfolio balance is likely to reverse or slow its upward trend, while mixed rates could gain prominence as an alternative to fixed rates in a context of monetary tightening.

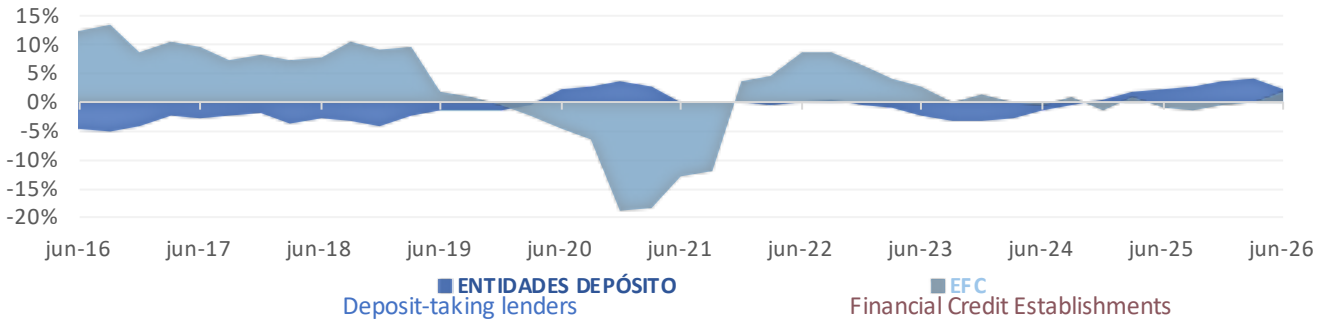
[1] This figure includes, in the numerator, only the primary assets (mortgage assets) backing outstanding covered bond issues. Primary assets are the main component of the cover pool, although the pool may also include other assets, such as liquid or substitute assets, which have been excluded from this calculation. In the denominator, the calculation only includes the nominal value of the bonds issued, excluding accrued and unpaid interest, as well as maintenance and administration costs.

MORTGAGE CREDIT ACTIVITY FOR THE RESIDENT PRIVATE SECTOR

SPANISH BUSINESS

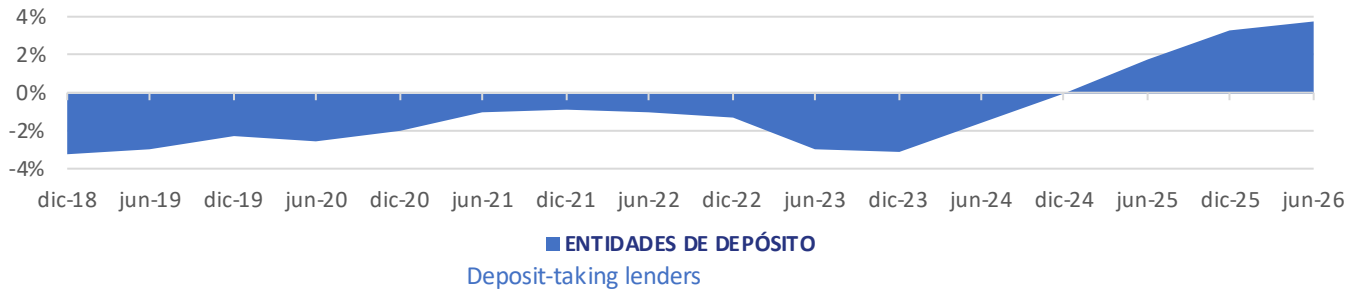
	Outstanding lending *Million EUR*		Year-on-year change		NPL RATIO	
	jun-25	jun-26	In absolute terms	In relative terms	jun-25	jun-26
CREDIT TO RESIDENT PRIVATE SECTOR (OSR)	**1.220.017**	**1.246.683**	**26.667**	**2,2%**	**3,0%**	**2,5%**
Deposit-taking lenders	1.166.600	1.192.073	25.473	2,2%	2,9%	2,5%
Other credit Institutions	9.084	9.479	395	4,3%	2,0%	2,2%
Financial Credit Establishments	44.332	45.131	799	1,8%	5,4%	5,0%

Chart 1: y-o-y change in total outstanding lending (OSR)



	Outstanding lending *Million EUR*		Year-on-year change		% MORTGAGE CREDIT/ TOTAL CREDIT	% HOUSING LENDING/ MORTGAGE CREDIT
	jun-25	jun-26	In absolute terms	In relative terms	jun-26	jun-26
OUTSTANDING MORTGAGE LENDING						
Deposit-taking lenders	**607.493**	**630.270**	**22.776**	**3,7%**	**52,9%**	**78,6%**
Banks and saving banks	541.529	558.777	17.248	3,2%	46,9%	-
Credit Cooperatives	65.964	71.492	5.528	8,4%	6,0%	-

Chart 2: Y-o-Y variation of outstanding mortgage stock



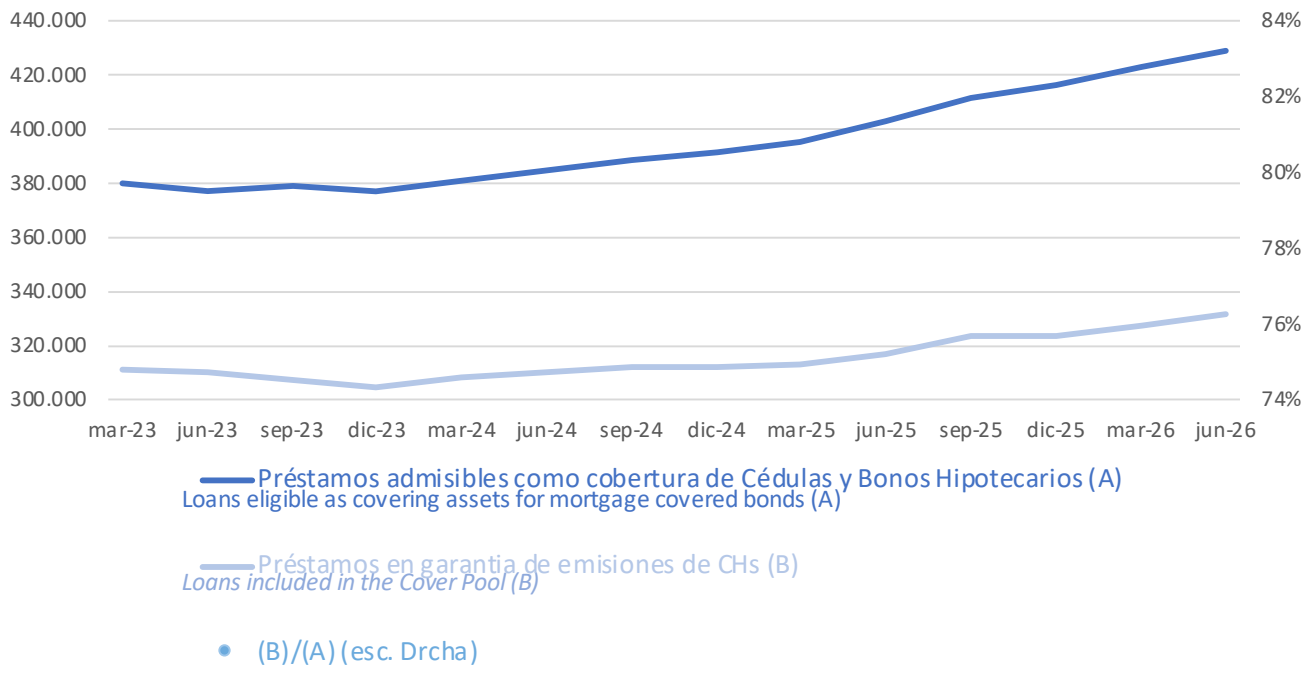
MORTGAGE CREDIT ACTIVITY FOR THE RESIDENT PRIVATE SECTOR

SPANISH BUSINESS

ELIGIBLE ASSETS UNDER RDL 24/2021	Outstanding lending *Million EUR* jun-25	jun-26	y-o-y change In absolute terms	In relative terms	ELIGIBLE ASSETS / OUTSTADING MORTGAGE CREDIT jun-25	jun-26
Credit Institutions	**402.888**	**428.903**	**26.015**	**6,5%**	**66,3%**	**68,1%**
Banks and Saving Banks	376.879	399.565	22.686	6,0%	69,6%	71,5%
Credit Cooperatives	26.010	29.339	3.329	12,8%	39,4%	41,0%

LOANS AS COLLATERAL FOR THE ISSUANCE OF MORTGAGE COVERED BONDS (CBS)	Outstanding lending *Million EUR* jun-25	jun-26	y-o-y change In absolute terms	In relative terms	% COLLATERAL / OUTSTANDING MORTGAGE CREDIT jun-26	% COLLATERAL / ELIGIBLE ASSETS jun-26
Credit Institutions	**316.481**	**331.535**	**15.054**	**4,8%**	**52,6%**	**77,3%**
Banks and Saving Banks	303.207	318.358	15.151	5,0%	**57,0%**	79,7%
Credit Cooperatives	13.275	13.177	-98	-0,7%	**18,4%**	44,9%

Chart 3: Recent evolution of the mortgage stock (million €)



DETAIL OF FUNDING MECHANISMS

SPANISH BUSINESS

OUTSTANDING MORTGAGE SECURITIES	Outstanding lending *Million EUR*		y-o-y change		MARKET SHARE OVER TOTAL ISSUANCE	MORTAGE SECURITIES/ OUTSTANDING MORTGAGE
	jun-25	jun-26	In absolute terms	In relative terms	jun-26	jun-26
Credit Institutions	**256.329**	**251.249**	**-5.079**	**-2,0%**	**100,0%**	**39,9%**
Banks and Saving Banks	243.231	239.854	-3.377	-1,4%	95,5%	42,9%
Credit Cooperatives	13.097	11.396	-1.702	-13,0%	4,5%	15,9%

BREAKDOWN BY FUNDING INSTRUMENT - OUTSTANDING LOANS

Spanish Covered Bonds (CBs)	Outstanding lending *Million EUR*		y-o-y change		WEIGHT MORTGAGE SECURITIES	WEIGHT MORTGAGE SECURITIES OVER MORTGAGE CREDIT
	jun-25	jun-26	In absolute terms	In relative terms	CBs/MORTAGE SECURITIES	CBs/OUTSTANDING MORTGAGE LENDING
Credit Institutions	**186.339**	**188.317**	**1.979**	**1,1%**	**75,0%**	**29,9%**
Banks and Saving Banks	175.976	177.955	1.978	1,1%	74,2%	31,8%
Credit Cooperatives	10.362	10.362	0	0,0%	90,9%	14,5%
Mortgage Participations (known in Spain as Participaciones Hipotecarias) *	**jun-25**	**jun-26**	In absolute terms	In relative terms	PHs/MORTAGE SECURITIES	PHs/OUTSTANDING MORTGAGE LENDING
Credit Institutions	**11.867**	**10.207**	**-1.660**	**-14,0%**	**4,1%**	**1,6%**
Banks and Saving Banks	10.630	9.402	-1.228	-11,6%	3,9%	1,7%
Credit Cooperatives	1.237	805	-431	-34,9%	7,1%	1,1%
Mortgage Certifications (known in Spain as Certificados de Transmisión Hipotecaria) **	**jun-25**	**jun-26**	In absolute terms	In relative terms	CTHs/MORTAGE SECURITIES	CTHs/OUTSTANDING MORTGAGE LENDING
Credit Institutions	**58.123**	**52.725**	**-5.398**	**-9,3%**	**21,0%**	**8,4%**
Banks and Saving Banks	56.625	52.498	-4.127	-7,3%	21,9%	9,4%
Credit Cooperatives	1.498	228	-1.271	-84,8%	2,0%	0,3%

** It refers to those Mortgage Backed Securities that meet the requirements set out in Section II Law 2/1981, on the balance sheets of credit institutions.*

*** It refers to those Mortgage Backed Securities that do not meet the requirements set out in Section II Law 2/1981, on the balance sheets of credit institutions.*

SAVING DEPOSITS RESIDENT PRIVATE SECTOR (OSR)	Outstanding lending *Million EUR*		y-o-y change		LTD OSR CREDIT	LTD MORTGAGE CREDIT
	jun-25	jun-26	In absolute terms	In relative terms	jun-26	jun-26
Credit Institutions	**1.519.621**	**1.593.354**	**73.733**	**4,9%**	**74,8%**	**39,6%**
Banks and Saving Banks	-	-	-	-	-	-
Credit Cooperatives	-	-	-	.	-	-