

SPANISH COVERED BOND & SECURITIZATION STATISTICS

Data provided by AIAF (Spain's benchmark market for Corporate Debt and Private Fixed Income)

July 2024

1. New issuance

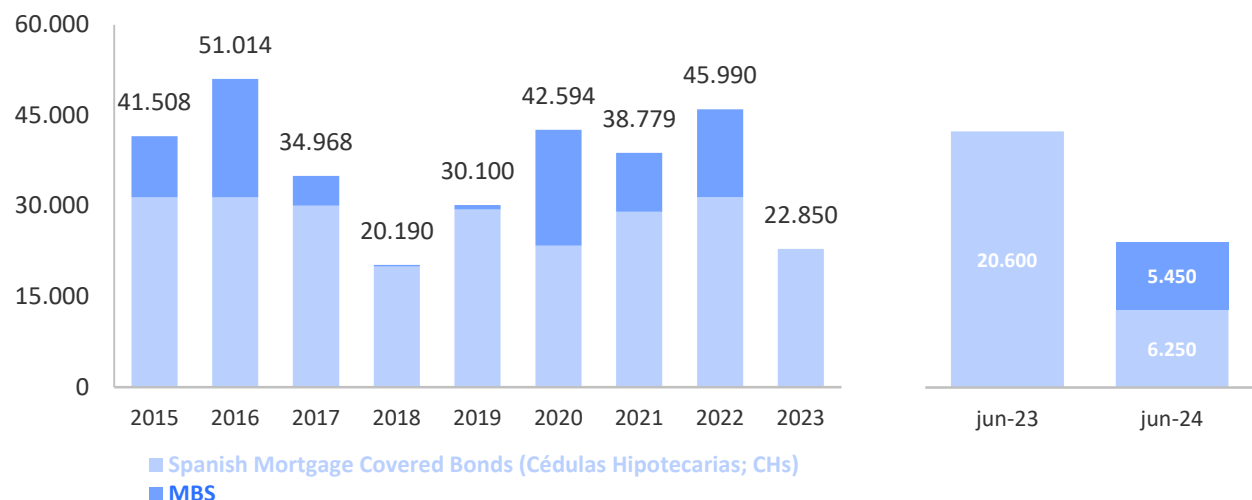
During the first half of the year, the issuance of mortgage securities has maintained the slowdown observed in 2023, supported by banks' solid liquidity positions and a growing preference for alternative funding resources that meet regulatory capital requirements. Specifically, **EUR 11.7 bn** has been issued as of June 2024, compared to EUR 20.6 bn during the same period one year ago. This represents a decrease of 43%.

This decline has largely been driven by the fall in dual-resource instruments (**Covered Bonds**),

which decreased by 70% during the first half of 2024. The total issuance volume amounted to **EUR 6.25 bn** in the first half of 2024 compared to more than EUR 20.0 bn in the same period of 2023 and 2022.

In contrast, **Mortgage-Backed securities (MBSs)** fared better, although they recorded lower issuance than Spanish Covered Bonds in absolute terms. During the first half of the year, the new issuance of MBSs amounted to **EUR 5.45 bn**, compared to zero issuance during the first six months of 2023.

➤ Chart 1: Yearly development of issuance (EUR million)



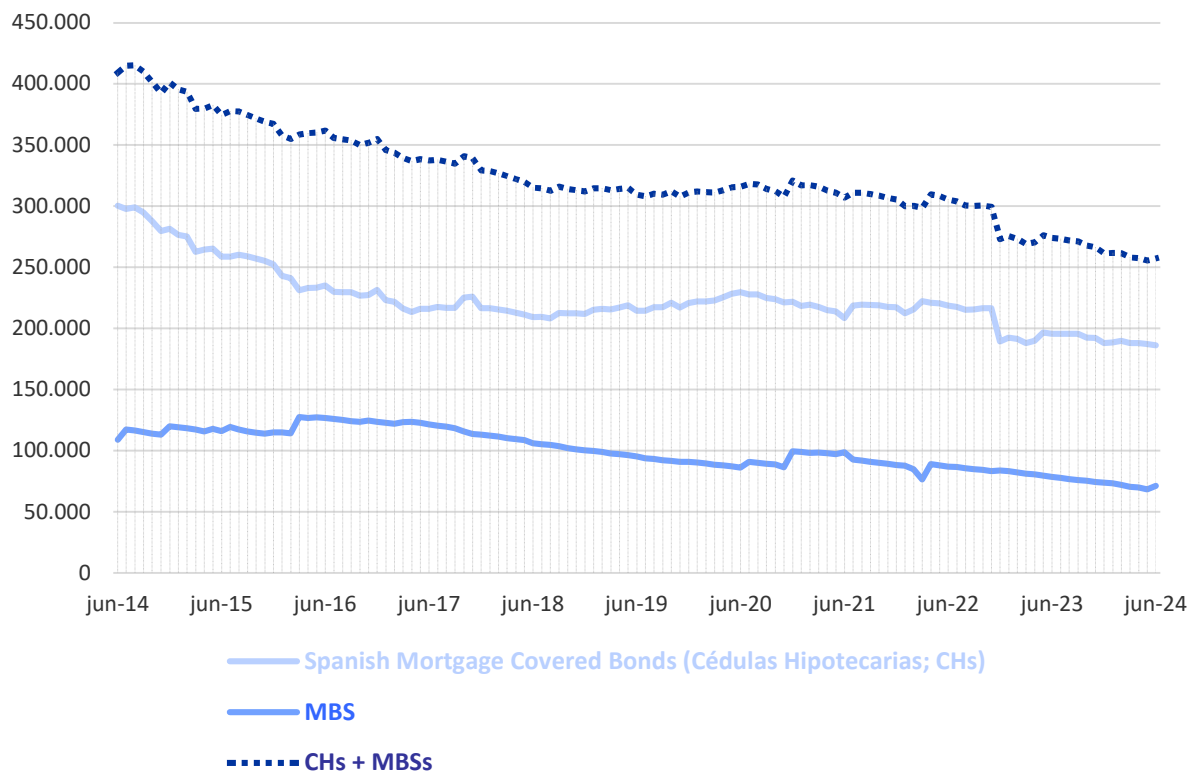
Source: own elaboration from AIAF data

2. Outstanding balance

The total **outstanding volume of mortgage securities** decreased on an annual basis by 6% as of June 2024, down to **EUR 257.33 bn**. This figure is the lowest level observed in more than 15 years due to a combination of high liquidity in the banking system and reduced necessities stemming from the financial crisis. Since 2008, the outstanding balance of mortgage loans has decreased by about 45%.

By typology, the portfolio of Spanish Covered Bonds recorded a more subdued annual reduction compared to MBSs. Spanish Covered Bonds decreased by 4.8%, while MBSs saw a decrease of 9.5% as of June 2024. Overall, financial entities reported liabilities of **EUR 186.17 bn in Spanish Covered Bonds** and **EUR 71.16 bn in MBSs**.

➤ Outstanding issuances (EUR million)



Source: own elaboration from AIAF data

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

| ISSUANCE (Euro Million) | | | | |
|-------------------------|---|--|-------------------------------------|---------------------------|
| | Spanish Cédulas Hipotecarias (individual) | Multiseller Covered Bonds ¹ | Mortgage Backed securirites (RMBSs) | Total mortgage securities |
| 2018 | 19.935 | 0 | 255 | 20.190 |
| 2019 | 29.375 | 0 | 725 | 30.100 |
| 2020 | 23.408 | 0 | 19.186 | 42.594 |
| 2021 | 29.020 | 0 | 9.759 | 38.779 |
| 2022 | 31.450 | 0 | 14.540 | 45.990 |
| 2023 | 22.850 | 0 | 0 | 22.850 |
| jun.-23 | 20.600 | 0 | 0 | 20.600 |
| jun.-24 | 6.250 | 0 | 5.450 | 11.700 |

| OUTSTANDING VOLUME (Euro Million) | | | | |
|-----------------------------------|---|--|------------------------------------|---------------------------|
| | Spanish Cédulas Hipotecarias (individual) | Multiseller Covered Bonds ¹ | Mortgage Backed securirites (MBSs) | Total mortgage securities |
| 2018 | 183.258 | 28.495 | 100.238 | 311.991 |
| 2019 | 195.699 | 24.970 | 90.708 | 311.376 |
| 2020 | 199.449 | 22.220 | 99.401 | 321.070 |
| 2021 | 200.020 | 17.160 | 88.259 | 305.439 |
| 2022 | 176.086 | 13.260 | 83.692 | 273.038 |
| 2023 | 176.336 | 11.660 | 73.643 | 261.638 |
| jun.-24 | 174.513 | 11.660 | 71.158 | 257.332 |

| Year on year variation of the outstanding volumes (%) | | | | |
|---|---|--|------------------------------------|---------------------------|
| | Spanish Cédulas Hipotecarias (individual) | Multiseller Covered Bonds ¹ | Mortgage Backed securirites (MBSs) | Total mortgage securities |
| 2018 | 1,1% | -19,0% | -11,2% | -5,3% |
| 2019 | 6,8% | -12,4% | -9,5% | -0,2% |
| 2020 | 1,9% | -11,0% | 9,6% | 3,1% |
| 2021 | 0,3% | -22,8% | -11,2% | -4,9% |
| 2022 | -12,0% | -22,7% | -5,2% | -10,6% |
| 2023 | 0,1% | -12,1% | -12,0% | -4,2% |
| jun.-24 | -4,2% | -12,1% | -9,5% | -6,1% |

| Weight of the Mortgage securities over the outstanding mortgage lending (%) ² | | | |
|--|---|------------------------------------|---------------------------|
| | Total Spanish Cédulas Hipotecarias (individual and multiseller) | Mortgage Backed securirites (MBSs) | Total mortgage securities |
| 2018 | 32,1% | 15,2% | 47,2% |
| 2019 | 34,2% | 14,1% | 48,2% |
| 2020 | 35,0% | 15,7% | 50,8% |
| 2021 | 34,4% | 14,0% | 48,4% |
| 2022 | 30,6% | 13,5% | 44,2% |
| 2023 | 31,4% | 12,3% | 43,6% |
| jun.-24 | 31,1% | 11,9% | 42,9% |

¹ Multiseller covered bonds = Cédulas Hipotecarias in a CDO structure

² The entry into force of Circular 2/2020, of June 11, amending Circular 4/2017, of November 27, has introduced a slight variation with regard to the former series of mortgage credit data (denominator in the ratio). Since 2020, inclusively, the data does not include loans granted to Non-Profit Institutions Serving Households (NPISHs), while it does include MBS off-balance sheet assets. The latest available data corresponds to December 2023.