

1.02.2022

Briefing note on the application of moratoria on loans to persons affected by the earthquakes and volcanic eruptions on the island of La Palma up to 31 December 2021

This briefing note sets out information on the application of the legislative moratoria that provided for the suspension of interest and principal repayments on mortgage and non-mortgage loans extended to individuals and firms affected by the Cumbre Vieja volcanic eruption on the island of La Palma.¹ The information provided covers the period running from the approval of the measure at the start of October last year to 31 December 2021.

In December, the number of applications submitted by borrowers rose by 346 (13%), the applications approved rose by 250 (14%) and the outstanding amount in euro of the loans for which a suspension was granted grew by €7.6 million (10%) compared with the overall figure at the end of the preceding month. December saw the rate at which these figures rose slow down with respect to the first two months in which the measures were rolled out.

The cumulative figures up to 31 December can be summarised as follows (see Table 1 below):

- At 31 December, banks had received 3,028 applications for moratoria, 2,039 of which had been approved and 953 were being processed. The number of applications turned down barely changed, with 36 rejections as compared with 33 up to the preceding month.
- The applications received concerning mortgage loans continued to account for around 30% of the total.
- In terms of amounts, the balance outstanding on the suspended loans stood at €81.6 million, of which mortgage loans accounted for 65%.
- The average balance outstanding on suspended loans was €101,500 in the case of mortgage loans, and €18,700 in the case of non-mortgage loans.

¹ See Title IV, Chapter 2 of Royal Decree-Law 20/2021 of 5 October 2021, adopting urgent support measures to repair the damage occasioned by volcanic eruptions and for the economic and social reconstruction of the island of La Palma.

- The moratoria had 2,947 beneficiaries, 2,516 of which were borrowers and 431 were guarantors. Varying little with respect to the preceding month, 64% of the borrowers benefiting from the measures were wage and salaried workers, while this group accounted for 54% of the guarantors.
- In terms of business activity (self-employed and enterprises), trade, agriculture, forestry and fishing, and hospitality remained the main beneficiaries by sector. Overall, these sectors represent around 60% of the total moratoria granted.

Table 1. Information on the moratoria on loans to persons affected by the earthquakes and volcanic eruptions on the island of La Palma

	TOTAL	Mortgage loans	Non-mortgage loans	
Number				
Moratoria applications submitted by borrowers	3,028	880	2,148	
Moratoria applications granted	2,039	515	1,524	
Moratoria applications rejected	36	3	33	
Moratoria applications yet to be processed	953	362	591	
Beneficiaries	2,947	945	2,002	
Borrowers	2,516	787	1,729	
Wage and salaried workers	1,620	530	1,090	
Self-employed (entrepreneurs or professionals)	657	198	459	
Legal persons	239	59	180	
Guarantors	431	158	273	
Wage and salaried workers	232	113	119	
Self-employed (entrepreneurs or professionals)	165	37	128	
Legal persons	34	8	26	
Loans whose payment has been suspended	2,054	522	1,532	
Loans where the borrower has requested that the moratorium be recorded in a notarised deed	585	285	300	
Self-employed and legal-person borrowers benefitting from the moratoria, by Spanish National Classification of Economic Activities	896	257	639	
Spanish National Classification of Economic Activities	A Agriculture, forestry and fishing	184	64	120
	B Mining and quarrying			
	C Manufacturing	42	9	33
	D Electricity, gas, steam and air conditioning supply	1	1	
	E Water supply			
	F Construction	59	19	40
	G Wholesale and retail trade	221	57	164
	H Transportation and storage	52	13	39
	I Accommodation and food service activities	121	38	83
	J Information and communication	9	5	4
	K Financial and insurance activities	6		6
	L Real estate activities	16	7	9
	M Professional, scientific and technical activities	61	17	44
	N Administrative and support service activities	12	2	10
	O Public administration and defence; compulsory social security	1	1	
	P Education	2	1	1
Q Human health and social work activities	35	7	28	
R Arts, entertainment and recreation	19	5	14	
S Other service activities	55	11	44	
Outstanding amount of loans whose payment has been suspended	81,558,527	52,962,612	28,595,915	