A comeback for securitisations in the Dutch mortgage market?

Achmea Mortgages

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- After a multi-year low in 2022, Dutch Residential Mortgage-Backed securitisations are making a comeback, with the first half year of 2025 showing strong growth in issuance. This after a growth of 57.5% in terms of issuance in 2024
- Banks and lenders are seeking new funding channels as the ECB cuts low-cost funding programs
- Achmea Mortgages can assist in building an investment portfolio of Dutch residential mortgages and support at securitisation of the portfolio

Introduction

After a decade of post-crisis caution and regulatory reform, the Dutch Residential Mortgage-Backed Securities (RMBS) market is showing signs of a comeback. The securitisation market contracted significantly following the financial crisis, as investor confidence in the asset class deteriorated. Post-crisis regulatory reforms, including enhanced transparency requirements and risk retention rules, gradually restored market confidence. Combined with the result of economic stabilization, rising interest rates, regulatory clarity and improved investor appetite, RMBS transactions rose in 2024. This continued in 2025, as first half year issuance volumes are already double that was issued in the first half year of 2024. What could be drivers behind this growth and what makes it attractive for both parties involved?

What are securitisations and covered bonds?

Securitisations

Dutch securitisations are financial transactions in which pools of Dutch-originated loans, primarily residential mortgages, but can also include other assets, are bundled together and transformed into tradable securities. These mortgages are then sold to a special purpose vehicle (SPV), which is a separate legal entity. This process allows mortgage lenders, such as Dutch banks or financial institutions, to secure funding by selling the rights to future mortgage payments as tradable securities. These securities are then sold to institutional investors in the capital markets. As mortgages are transferred to an SPV, investor recourse is limited to the underlying mortgage pool, unlike covered bonds which provide dual recourse.

The figure below shows a simplified breakdown of the steps that could be taken in a securitisation process

FIGURE 1: SECURITISATION BREAKDOWN

Origination	Pool is selected/formed based on specific criteria.
Set up SPV	Pool is sold to the SPV who becomes the legal issuer of the RMBS.
Structuring/Tranching	Cash flows tranching (senior, mezzanine, junior/equity). Credit enhancement can include subordination and overcollateralization.
Rating	Agencies assess the creditworthiness of each tranche. The ratings influence investor appetite and pricing.
Legal	Offering documents need to be in compliance with local regulations.
Marketing	The issuer and underwriter present the RMBS to potential investors.
Pricing	Based on investor feedback, the tranches are priced and sold.
Proceeds Distribution	Proceeds go to the SPV (and ultimately to the originator).
Ongoing servicing	Servicing concerns collecting mortgage payments and distributing to investors.

Covered bonds

A covered bond is a debt security issued by a bank or similar financial institution that is backed by a dedicated pool of high-quality assets. Covered bonds cover pools that consist of whole mortgage loans and remain on the balance sheet of the issuer. Covered bonds also provide recourse to both the issuer's credit, as well as the cover pool. This is one of the main differences between covered bonds and RMBS. Both securitisations and covered bonds can be sold to investors or retained. Retained bonds can be used as collateral, for example to obtain loans from central banks.

What makes Dutch RMBS attractive?

There can be several reasons for an originator to securitise a mortgage portfolio. A major reason is the off-balance sheet transfer of the mortgages, which offers various advantages.

Securitisation enhances liquidity and can improve solvency positions. Banks supervised by De Nederlandsche Bank, for instance, can free up capital by securitising mortgages subject to capital requirements. This capital can then be redirected toward lower-risk assets, strengthening their balance sheets. Non-bank institutions may use the proceeds to reduce debt or reinvest in business growth.

Given the significant capital requirements for mortgage portfolios in the current robust housing market, securitisation enables capital efficiency by reducing on-balance-sheet exposure.

An additional advantage can be funding diversification, broader investor access (e.g., pension funds seeking highly rated bonds), and improved asset/liability management.

Besides benefits for the originator, RMBS also offer advantages for institutional investors. They enable mortgage investments without a lending division, with greater liquidity and tradability than direct mortgage investments. RMBS often offer higher yields than similarly rated government bonds or covered bonds. Also, because RMBS structures are tranched (senior, mezzanine, junior), it allows investors to choose their preferred risk-return profile.

Dutch residential mortgages are known for low default rates and a strong payment culture among borrowers. The Dutch mortgage market is tightly regulated, with oversight from the Dutch Central Bank (DNB), ensuring prudent lending standards. The demand in the housing market remains strong, especially as there is a structural housing shortage, which drives up housing prices in recent years.

Dutch RMBS pre-crisis and post-crisis

Since the first Dutch public securitisation transactions were introduced in the mid-1990s, the Netherlands has had a strong RMBS market. From 2000 until 2007, both the number of transactions as well as the total volume increased gradually. This peaked in 2007, with more than 20 RMBS transactions that year.

However, securitisations fell out of favour after the financial crisis.

The market suffered from excessive complexity, limited transparency, and misaligned incentives that prioritized origination volume over credit quality. This resulted in a lack of trust in these investments. Even though Dutch RMBS were much safer compared to the US subprime RMBS, the entire asset class suffered a reputational blow.

After the financial crisis there were several regulatory measures introduced. Investors faced higher capital requirements, and originators were obliged to have *'skin in the game'* which mandates issuers to retain a minimum of 5% of the transaction to better align interests. With the arrival of more attractive financing alternatives, such as low-cost loans from the European Central Bank (ECB) and covered bonds, securitisations gradually lost popularity.

Are Dutch RMBS making a comeback in 2025?

In the first half year of 2025 there were five RMBS transactions in The Netherlands. The total amount of these transactions provided €3 billion in volume sold to investors, which is double compared to the first half year of 2024. In the first half year of 2024 the volume was slightly over €1.5 billion, with three RMBS transactions in total. The full year issuance volume in 2024 was €3.8 billion, which already was 60% more than the full year issuance volume in 2023. This shows that the recovery in issuance from the 2022 low issuance had already picked up substantially in 2024. The issuance is still significantly lower than the previous post-2015 high of €8.7 billion in 2019.

These RMBS transactions continue to attract strong interest from investors. In 2025, the average coverage of the first four (one was pre-placed) public RMBS transactions was 2.5x on average. This indicates renewed institutional interest and market acceptance of the asset class.

FIGURE 2: ISSUANCE IN € OF COVERED BONDS / SECURITISATIONS AND THE NUMBER OF DISTINCT SECURITISATION ISSUERS
(SOURCE: BLOOMBERG, PCS, CSC) (THE DATA IS YEAR TO DATE FOR 2025)

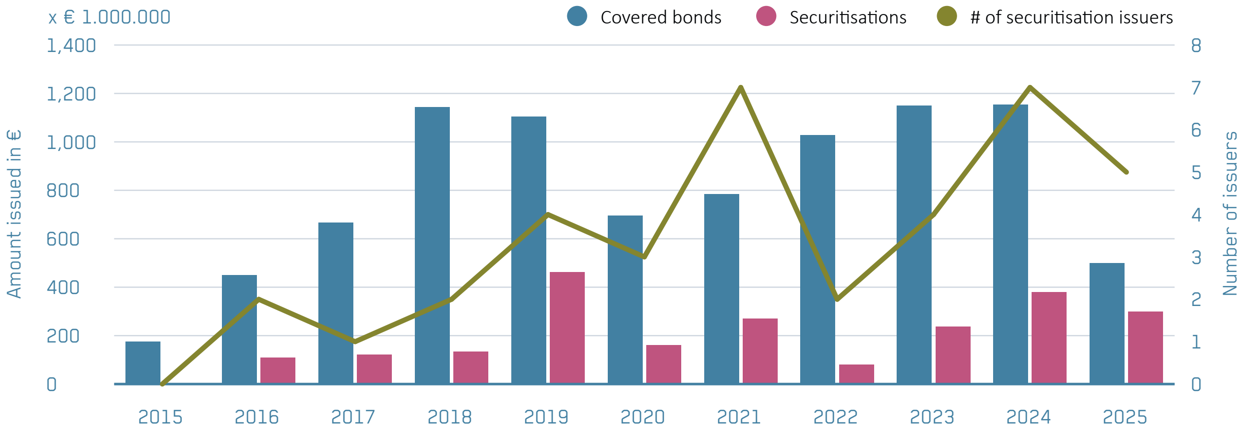

FIGURE 3: WEIGHTED AVERAGE SPREAD IN BASIS POINTS (MID SWAP FOR COVERED BONDS) AT ISSUE PER YEAR PER ASSET CLASS AND SPREAD DIFFERENTIAL RMBS AND COVERED BONDS IN BASIS POINTS (SOURCE: BLOOMBERG, PCS)

Year	Covered bonds	RMBS	Spread differential
2020	7	60.8	53.8
2021	4.5	68.9	64.4
2022	7.6	71.3	63.7
2023	17.7	43	25.3
2024	31.4	46.3	14.9
2025	29.8	51.4	21.6

The increase in RMBS issuance has coincided with a shift in the spread differential between covered bonds and RMBS, with the differential falling substantially between 2020 and 2025. As central banks hiked interest rates, interest rate volatility rose for longer-duration bonds, meaning a higher spread became necessary to compensate for this. At the same time, the ECB wound down its favourable lending programs, like the TLTRO (Targeted Longer-Term Refinancing Operations), and its asset purchasing programs. This supported issuance, as banks needed new funding sources, but widened the spread for covered bonds as well. For RMBS, the impact was smaller, as the ECB asset-backed security purchase program was substantially smaller than the covered bonds purchase program (source: ECB), and the coupon is usually formed by the 3-month swap rate (usually EURIBOR) plus the spread.

FIGURE 4: WEIGHTED AVERAGE MATURITY (WAM) IN YEARS AT ISSUE PER ASSET CLASS PER YEAR AND WAM DIFFERENTIAL RMBS AND COVERED BONDS IN YEARS. NOTE: THE WAM FOR RMBS IN THIS CONTEXT IS THE NUMBER OF YEARS UNTIL THE FIRST OPTIONAL REDEMPTION DATE. (SOURCE: BLOOMBERG, PCS)

Year	Covered bonds	RMBS	Spread differential
2020	14.3	5.7	-8.6
2021	14.2	6.1	-8.1
2022	8.9	4.7	-4.2
2023	6.7	5.4	-1.3
2024	7.7	5.3	-2.4
2025	4.5	5.8	1.3

As longer-term rates rose covered bond issuers cut duration substantially. Between 2020 and the first half year of 2025 the weighted average maturity of covered bonds issued fell from 14.3 years in 2020 to 4.5 years in 2025. At the same time the weighted average maturity for RMBS stayed stable. This means that the differential in weighted average maturity between asset classes actually flipped in 2025.

This combination of factors shows how the relative attractiveness of RMBS issuance increased due to macro and policy factors, possibly supporting issuance in 2024 and 2025.

Conclusion

The recent increase in Dutch RMBS activity signals a potential shift in how mortgage funding is sourced in the Netherlands. With traditional funding routes such as the ECB's low-cost programs winding down and the relative pricing advantage of covered bonds diminishing, securitisation has re-emerged as a viable and attractive alternative. The robust investor appetite seen in early 2025 RMBS deals reflects a growing confidence in the asset class, both in terms of credit quality and return potential.

In the future, securitisation could be supported further by changes the European Commission is proposing to reduce the capital banks need to hold for senior securitisation tranches. For insurers the Solvency II capital charges could be reduced similarly (source: Financial Times). However, it could take more than two years for the changes to take effect and they could still be changed along the way.

These changes, combined with increased transparency and investor appetite in RMBS transactions could all contribute to a more sustainable securitisation landscape. While the sustainability of this recovery remains to be determined, current metrics demonstrate a clear revival in market activity and investor confidence.

Achmea expertise

To conclude, Achmea Mortgages has an extensive track record in managing mortgage investments for institutional investors. Feel free to reach out to Peter Verleun to start a dialogue on this topic. We can offer a deeper risk analysis, comparative return insights, and the operational details that are required for well-informed investment decisions.

Would you like to know more?

Interested in a tailor-made separate account mortgages? Our specialists are happy to tell you more about the Achmea Mortgages Investment Platform.

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