



2014 Covered Bond Label Convention

Covered bonds are debt securities, backed by mortgage, public sector or ship assets, and characterised by a twofold bondholders' protection mechanism rooted in a dedicated covered bond legal framework.

In more details:

I Legislation safeguards

- a) The CB programme is embedded in a dedicated national CB legislation;
- b) The bond is issued by -or bondholders otherwise have full recourse, direct or indirect¹, to- a credit institution which is subject to public regulation and supervision;
- c) The obligations of the credit institution in respect of the cover pool are supervised by public supervisory authorities.

II Security features intrinsic to the CB product

- a) Bondholders have a dual claim against:
 - i. The issuing credit institution as referred to in point I b);
 - ii. A cover pool of financial assets² (mortgage, public sector or ship assets), ranking senior to the unsecured creditors.
- b) The credit institution has the ongoing obligation to maintain sufficient assets in the cover pool to satisfy the claims of covered bondholders at all times.
- c) Issuers are committed to providing regular information enabling investors to analyse the cover pool, following the guidelines developed at national level (see Annex I).

¹ Including pooling models consisting only of covered bonds issued by credit institutions.

² The financial assets eligible for the cover pool (including substitution assets and derivative instruments) and their characteristics are defined in the national covered bond legislation which complies with the requirements of Article 52(4) of the UCITS Directive and Article 129 of the CRR, as well as those articles which specify its implementation. A phase-in period of up to 1 year from the 1st of January 2014 is granted to issuers where the national implementation of CRR in their home country requires a longer implementation period.



Annex: Guidelines for National Transparency Templates

Transparency templates will be developed at the national level and made available on issuers' websites. Individual issuers are encouraged to provide high quality supportive information. National templates will vary in view of the different characteristics of each market. The following list identifies key recommended transparency items to be included where appropriate.

Overview

Homepage
Format
Frequency

General Information

Nominal Cover Pool Size
Overcollateralisation
Availability of historic cover pool data
Maturity of Covered Bonds
Nominal value of outstanding CBs
CRD compliant (yes/no)
Net present value of assets and liabilities
Information on Currency Exposures
Information on substitution assets
Amortisation profile

Mortgage Assets

Number of loans
Loan size information
LTV information
Property type information
Geographic distribution
Is interest rate type information available?
Repayment Type (Amortising, Interest only, etc.)
Loan seasoning
Remaining loan maturities
NPL information and definition

Public Sector Assets

Geographic distribution
Number of loans and loan size information
Distribution by type of debtor
Rating of obligors

Ship Assets

Number of loans
Loans size information
LTV information
Breakdown by type of ships (container, tanker, bulk, other)
Breakdown by size of ships
Geographic breakdown by country of registration
Loan seasoning
Remaining loan maturities
NPL information and definition
Breakdown by classification societies