



## 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 indirect<sup>1</sup>, 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 assets<sup>2</sup> (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).

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<sup>1</sup> Including pooling models consisting only of covered bonds issued by credit institutions.

<sup>2</sup> 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 1<sup>st</sup> 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